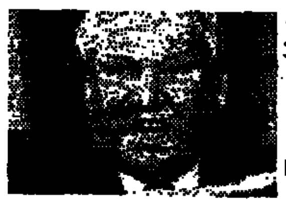

Russian crisis

Yeltsin breaks out

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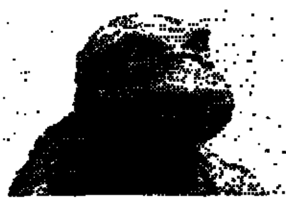

Thief of childhood

How US television distorts reality

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Rafik Al-Hariri

Lebanon's billionaire prime minister

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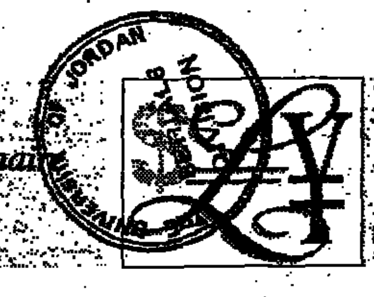

Don't die of exposure

Keep a tight rein on the corporate treasury

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FINANCIAL TIMES

Europe's Business Newspaper | MONDAY MARCH 22 1993 | D8523A

Italian corruption inquiry claims fourth minister

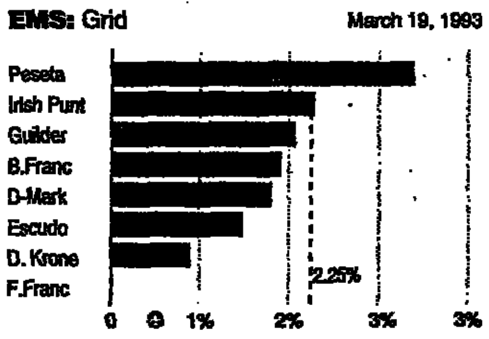
Italian agriculture minister Gianni Fontana became the fourth minister to resign in little more than a month after being officially warned that he could face prosecution in the country's wide corruption scandal. His house and his Lake Garda holiday home have been searched. Meanwhile, a Naples Christian Democrat says he collected billions of lire in bribes for local party leaders. Page 12

Semiconductor dispute: Sharp differences remain between the US and Japan over the semiconductor trade in spite of an announcement that the long-sought US target of a 20 per cent foreign share of the $20bn Japanese semiconductor market has finally been achieved. Page 12

Japan's financial boost: The emergency economic package Japan is drawing up to stimulate the flagging economy could be worth Y14,000bn ($115bn), according to Mr Hiroshi Mitsuzuka, the senior politician in charge of co-ordinating the plan. Details will be decided in the next three weeks. Page 4

European monetary system: The next two weeks will prove critical both for the French currency and for the future of the European exchange rate mechanism as a whole. The French currency starts the week in an extremely weak position in the ERM grid, roughly two centimes above its floor against the D-Mark. Currencies, Page 23

EMS: Grid — March 19, 1993



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. The Spanish peseta and Portuguese escudo operate with 6 per cent fluctuation bands.

Brazilian state sales resume: Brazil's privatisation programme has resumed after a four-month suspension. The government stake in petrochemicals company Poliolefinas was sold on Friday at the minimum price of $86.1m to Odebrecht, one of Brazil's leading construction groups. Page 4

Pirelli battle nears end: Pirelli, the Italian tyre company, is close to ceasing hostilities against Continental, after a two-and-a-half year campaign to gain control of its German rival. Page 13

KIO may merge with parent: The Kuwaiti government met to discuss proposals to merge the London-based Kuwait Investment Office (KIO) with its parent institution in Kuwait, the Kuwait Investment Authority (KIA). Page 13

Serbs to be evacuated: General Philippe Morillon, commander of UN forces in Bosnia, has reportedly reached agreement to evacuate Serbs from the northern Bosnian Moslem stronghold of Tuzla. UN sources in Sarajevo said it was hoped to use helicopters to evacuate refugees from the besieged Moslem town of Srebrenica. Nato jets ready, Page 3

German racism fears unfounded: Fears of a new wave of racism and right-wing radicalism in Germany are largely unfounded. Seventy-seven per cent of the population want nothing to do with right-wing extremists, the respected Allensbach Institute, the country's leading polling organisation, found. Page 5

The happy Swiss: Swiss employees are the most satisfied in Europe, followed closely by the Dutch, while UK employees are the least satisfied, according to the latest survey of employee attitudes in eight European countries by International Survey Research. Page 5

VAT casts shadow: The extent of the UK government's commitment to help people deal with the extension of Value Added Tax to domestic fuel is overshadowing other aspects of last week's Budget. Page 12

IRA bomb claim: The Irish Republican Army said it planted bombs on Saturday that killed a four-year-old boy and injured 50 other people in the north-western English town of Warrington. Page 6

Women leave sect compound: Four women left the barricaded compound of the Branch Davidians religious cult near Waco, Texas, raising hopes for an end to the three-week siege.

Steel jobs warning: The costs of social compensation for the tens of thousands of European steelworkers likely to lose their jobs when the industry is restructured over the next few years could be much higher than expected. Page 3

Israeli soldiers die: Two Israeli soldiers died in ambushes and troops shot dead four Palestinians in the Israeli-occupied West Bank and Gaza Strip over the weekend.

AC Milan run ends: Italian soccer champions AC Milan lost 1-0 at home to Parma, ending a record, 58-match unbeaten run in the league.

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	Kcs45
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira25	Spain	Pta200
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L7000
						UAE	Dh11.00

Russian parliament says move to rule by decree an 'assault on constitution'

Yeltsin faces impeachment

By Leyla Boulton in Moscow

RUSSIAN deputies yesterday set in motion moves to impeach President Boris Yeltsin after he declared he would bypass them in asking the people whether he or parliament should rule Russia.

Mr Yeltsin, finally opting for a desperate gamble to stick to his unpopular course of radical reforms and hold on to strong powers to carry them through, has called a popular vote for April 25 although the Congress of People's Deputies has forbidden a formal referendum.

This effectively puts Mr Yeltsin in breach of a Soviet-era constitution which makes the Congress of People's Deputies, or full parliament, the supreme organ of state power.

In an annex to a parliamentary resolution condemning his actions as "an assault to the constitutional foundations of Russian statehood", parliament asked the Constitutional Court to rule whether his actions merited impeachment.

The parliamentary resolution, adopted by 125 votes in favour, 16 against and four abstaining, also called for the prosecution, on charges of violating the constitution, of presidential officials involved in drafting his appeal to the people, broadcast on television on Saturday night.

The president said that until the popular vote he would rule by decree. The vote would also seek support for a new constitution which would abolish the present dual parliamentary structure and lead to elections for a new chamber.

The outcome of those deliberations, which are expected this week, appeared in little doubt after Mr Valery Zorkin, the court's chairman, produced an instant verdict of the president's move as an "attempted coup".

The court, like the parliament, is conservative-dominated. But Mr Zorkin, who first discredited his supposed impartiality by coming out against a referendum which he helped president and parliament to agree to in December, came under attack from one fellow judge for prejudging court hearings.

Mr Zorkin's declarations were part of a split in the country's leadership at the weekend, with leading figures taking sides now in anticipation of a final showdown between the parliamentary and presidential camps.

Vice-president Alexander Rutskoi, who says he favours strong presidency but is against radical economic reform policies, swung firmly in favour of parliament in this instance. He has now positioned himself as the man to pick up the pieces if things go badly wrong for Mr Yeltsin.

Mr Yuri Skokov, the conservative secretary of the National Security Council, also refused to endorse the presidential gamble.

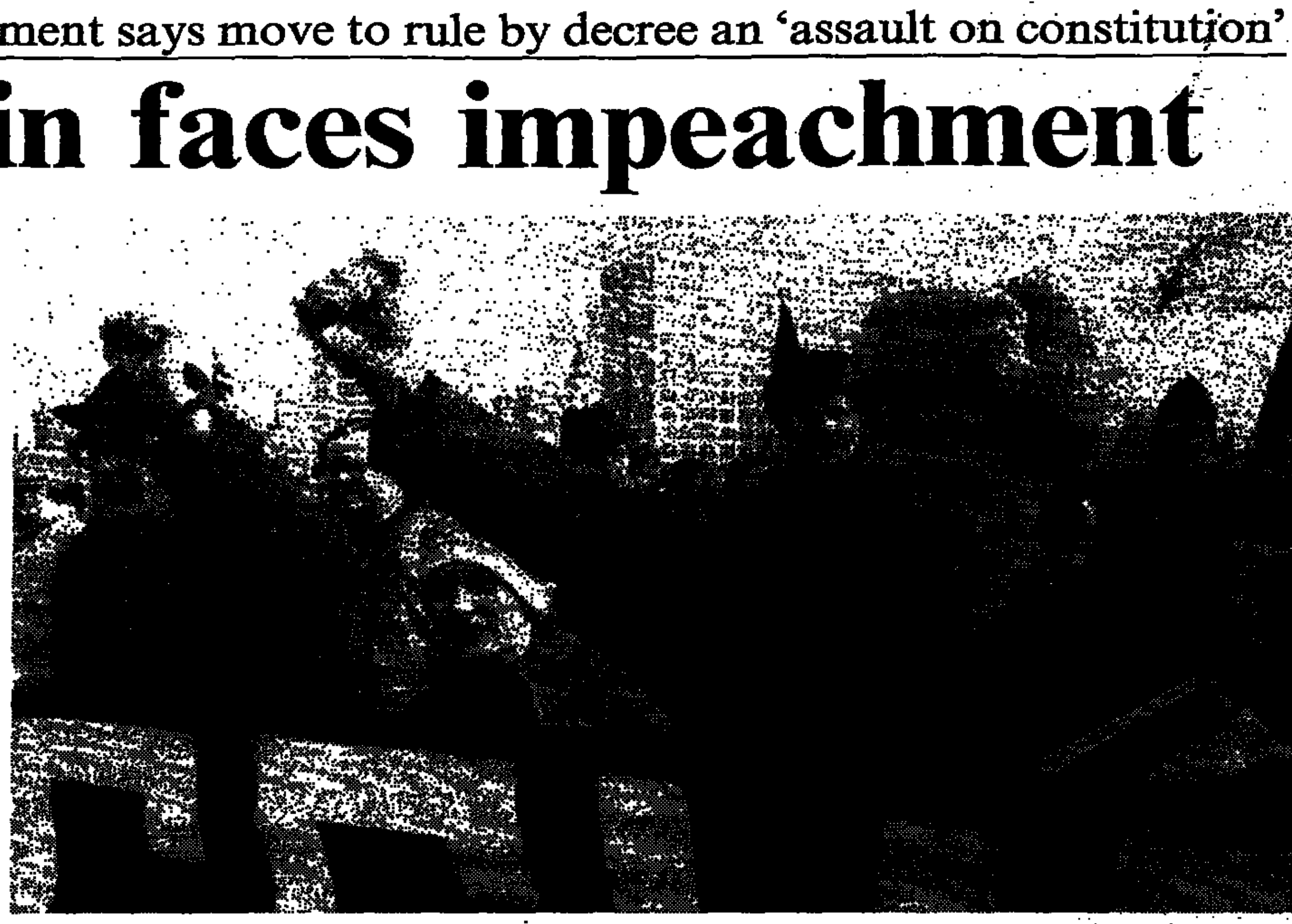
But the entire cabinet of Mr Viktor Chernomyrdin, parliament's choice for premier, came out in favour of the president's move. They issued a statement supporting "the striving by the popularly elected president not to allow powerlessness, chaos, political confrontation, separatism, nationalism, and crime".

Ministers also vowed the government would guarantee "constitutional legality", personal freedoms, and stable functioning of the economy, transport, and communications.

This means they will attempt to focus on specific reform measures set out in the government's economic programme - including the institution of a restrictive monetary and credit policy.

The gamble being taken by the west in backing Mr Yeltsin was underlined in a separate parliamentary resolution condemning western leaders' comments over the weekend as "crude interference" in Russia's internal affairs.

"The official positions of a number of states which are traditionally considered democratic but which supported President Yeltsin's anti-constitutional actions cause surprise and regret," said the resolution, adopted by 137 votes to nine.



Fistfuls of protest: anti-Yeltsin demonstrators marching to the Russian parliament building in Moscow denounce imposition of rule by decree

RUSSIA IN TURMOIL

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- US congressmen nervous over extension of credits
- Post-communist dilemmas for would-be activists

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- Ian Davidson

US backs referendum call

By Our Foreign Staff

WESTERN governments have rallied in strong political support of President Boris Yeltsin's decision to call a popular vote on who rules Russia, though differences persist on what practical help can be given to him.

The US took the lead in backing Mr Yeltsin's move as an "appropriate" way of breaking the deadlock between Russia's president and parliament. "President Yeltsin has proposed to break that political impasse by taking it to the people. That is appropriate in democracies," said a White House statement issued after Mr Yeltsin's announcement. "As Russia's only democratically elected national leader, he has our support, as do his reform government and all reforms throughout the Russian Federation."

It added that Russia must remain a democratic country moving towards a market economy. "That is the basis for a continued US-Russian partnership and for a better and more prosperous future for the Russian people."

The US statement was echoed by the European Community, and by members of the Group of Seven leading industrial nations, some of whom were given advance notice of Mr Yeltsin's move. Denmark, which holds the EC presidency, said Mr Yeltsin's measures were an important signal that he intended to continue with reform.

In Bonn, Mr Dieter Vogel, the government spokesman, said the "German government has understanding for Mr Yeltsin's action towards solving the constitutional struggle through a referendum." But Mr Klaus Kinkel, foreign minister, said economic assistance would have to be increased so that Mr Yeltsin could push through his economic reforms. "We and the Americans will have to see to it that we press harder, especially on Japan, for more responsibility in helping [Russia]," he said on German television.

France, meanwhile, stepped up its campaign for an emergency G7 meeting to discuss aid for Russia. "International aid seems more than ever necessary and urgent to help the transition to a market economy and consolidate democratic reforms in Russia," a foreign ministry statement said.

The Japanese government, which is due to host the next regular G7 summit in Tokyo in July, pledged it would make further efforts to reach agreement with its G7 partners on measures to promote reform in Russia. Mr Hisashi Owada, a senior foreign ministry official, is attempting to clear the way for a mid-April meeting in Tokyo of G7 foreign and finance ministers and is expected to hold talks in London, Paris and Bonn in the next few

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German industry cuts staff costs as recession strikes

By Christopher Parkes in Frankfurt

BOSCH, the German electrical, electronics and motor components maker, is to cut pay increases agreed with its domestic workforce in an attempt to reduce costs.

Uhde, a chemical plant manufacturer, is to "export" jobs to foreign plants with the same aim in view.

The moves reflect the crushing impact of recession on German industry, which is now running out of "easy" options in its search for payroll economies. Hundreds of companies have introduced early retirement schemes and stopped hiring replacements for leavers.

However, the cost-saving potential of natural wastage is virtually exhausted in many sectors. Compulsory redundancy is almost unknown in Germany, and employers are searching for other means to economise.

Announcing a "first step" at the weekend, Bosch said it would pay a 3 per cent pay increase, agreed with the IG Metall union last year, and due to take effect on April 1.

However, the rise would apply only to national basic pay levels. Other payments would be excluded from the calculation, the group said. Non-union employees, who were awarded a rise last autumn, would be asked to show "solidarity" and take a 3 per cent pay cut from the same date. Management had already agreed to "considerable" salary reductions.

According to early estimates, the measures would save around DM250m ($150m) in a full year, the company added. Bosch, which slipped into operating losses in the second half of 1992, said at the weekend that improvement was unlikely this year.

"Negative economic developments and increasing competitive pressure have led to a considerable drop in profits and damaged international competitiveness," a statement noted.

The group has shed 12,000 workers worldwide in the last 14 months, and some 24,000 employees are now on short-time rotas.

The weekend action followed unsuccessful negotiations with workers' representatives in which management sought voluntary cuts on a range of extras and bonuses including 25-year service awards, lunch subsidies, nursing care and spa cures.

At Uhde, a subsidiary of chemicals giant Hoechst, management announced a switch of manufacturing strategy in which only 40 per cent of its 3,000-strong workforce would in future be employed in Germany, compared with 60 per cent at present.

Mr Lothar Jaeschke, chief executive, said the costs of employing an engineer in India, for example, were between 50 per cent and 80 per cent lower than in Germany.

French right wing heads for landslide

By David Buchan and William Dawkins in Paris

FRANCE was last night on the road to electing a record conservative majority to its parliament, threatening confrontation with Mr François Mitterrand who remains president despite his Socialist government's defeat.

Early TV predictions estimated that the Gaullist RPR and centre-right UDF parties might have won an estimated 70-90 seats in yesterday's first round of voting. The coalition was on course to take possibly all but 100 seats in the 577-member parliament by the end of the second-round of voting next Sunday.

Mr Laurent Fabius, first secretary of the Socialist party, acknowledged the magnitude of his party's defeat, noting that not a single candidate of any leftwing party had been able yesterday to secure the necessary 50 per cent of votes to win on the first ballot.

The Socialist leader called on electors to use the second round of voting next Sunday to rally behind "any leftwing, ecological or progressive" candidate who had done the best in the first ballot yesterday.

Some TV commentators went so far last night as to suggest President Mitterrand might actually have to accept the resignation of Mr Pierre Bérégovoy's Socialist government this week, and to nominate a conservative prime minister, rather than wait for the second ballot result.

But the leaders of the victorious RPR and UDF parties, who fought under the joint banner of the Union pour la France (UPF), did not encourage such speculation. Mr Jacques Chirac, the RPR leader, warned his supporters of an excess of optimism and to keep up their effort until next Sunday - a sentiment echoed by Mr Valéry Giscard d'Estaing, leader of the UDF.

A caution of another kind was issued by Mr Alain Juppé, the RPR secretary-general. He warned that the conservative victors had "a terribly difficult task" in front of them to put the economy to rights, and to accomplish this "a majority of some 460 seats was not excessive".

Mr Mitterrand still has two

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Yeltsin maps out the tough road to reform

By John Lloyd

MR BORIS YELTSIN has always *asserted that control* over the economy and faster progress of reforms were the indispensable elements for resolution of the country's crisis. In his address to the nation on Saturday night he mapped out how this might be done.

What he outlined was a programme for authoritarian reform of the kind many of his advisers have long advocated. It blends a populism with a stricter application of controls and discipline, and seeks to bring the main economic actors under central control to ensure that *they fulfil their reforming duties.*

To begin with, Mr Yeltsin will soon issue a decree giving citizens the right to own land: special vouchers are likely to be issued which would give citizens the right to purchase land. For those wishing to become small business owners, preferential credits and tax breaks will be offered.

Bankruptcies, he said, would go ahead. Indeed, a programme of "show" bankruptcies has been prepared for some time. He promised enhanced unemployment compensation for the victims of these bankruptcies – *and it is to this where* some of the new foreign assistance *now being considered* by the Group of Seven industrial countries may be directed.

Mr Yeltsin said the struggle against inflation and the limiting of the money supply will be toughened – though he gave no details. The core issue is the lack of control on the part of the government of the central bank: though Mr Victor Gerashchenko, the central bank chairman, is now part of the government (together with the heads of the state pension fund, the Federal Property Agency and the statistical service) and there is still no agreement *on strategy. This will be a critical* test of the new regime.

Citizens who now see their savings disappear under the impact of 30 per cent monthly inflation will get compensation – not in cash, but in shares in enterprises and in land.

A new effort is to be made to cut out abuses, especially in the privatisation of companies – where those with the largest clout have forced special deals at the expense of the voucher-holding population.

The local heads of administration in autonomous republics and in regions are to be made "directly accountable to the president and the Russian government" because of "numerous instances of leaders in executive power hindering the implementation of political and economic reform".

This should mean that these people have nowhere to hide before the central government's all-seeing eye: but it will depend heavily on whether the central government *has* the competence to bring them to book.

The programme would break a number of blocks en route to the market which have been erected by *parliament*, by the laws passed over the past year and a half and by the constitution itself.

Like much else in the president's statement, it breaks through the encircling bonds and proposes a relatively *unimpeded road* to reform.

But it is two-headed: it also puts enormous responsibility on the *president and the* government for actions and programmes which they must now effect; which they can no *longer blame* parliament for blocking.

Even if they really have shunted parliament aside, they must work with the same cumbersome bureaucracy, mutinous local leaders, distrustful population, ailing infrastructure and reluctance on the part of foreigners to invest.

They have not lightened their load: they have increased it.

Battle lines begin to form

By Dmitri Volkov in Moscow

OUTSIDE Moscow's White House, again the epicentre of drama, two *rival demonstrations*, each 3,000-strong, were held apart by police. The Communist one, *though*, tried to beat up an ABC cameraman.

Inside, too, there was no *sign of the* unanimity of six months ago, when many of those present were rallying round Boris Yeltsin as hero of the August 1991 putsch. Now, milling about the debating chamber, were Vice President Alexander Rutskoi, Mr Valery Zorkin, constitutional court chief, Gen Pavel Grachev, defence minister, Mr *Anatoly* Chubais, deputy prime minister, and, of course, Mr Ruslan Khasbulatov, the speaker.

They were comrades in arms no longer.

Gen Grachev, with Mr Victor Barannikov, *security services* head, stuck dourly to their line: they would observe *the constitution and keep the* peace.

Mr Victor Chernomyrdin, prime minister and once thought by centrists and conservatives to be a potential fifth column in the presidential cabinet, also stuck doggedly to his brief – to support Mr Yeltsin and proclaim the *government would carry on* working.

Gen Rutskoi, finally – it seemed – severing his tenuous connection with the man on whose ticket he ran for vice president nearly two years ago, claimed the president had put himself beyond the constitution.

Significantly, he said he and Mr Yuri Skokov, Security Council secretary, had refused to sign the presidential decree declaring "special rule". This means the Security Council loses its organiser and the president a useful counsellor. Gen Rutskoi and Mr Skokov have wide contacts in the *administration and armed* forces and may now *use them*.

The Supreme Soviet is often placid, usually relatively well ordered. Yesterday's hastily called session did not make much effort to be orderly: indeed, it probably lacked a quorum but worked on anyway.

Mr Zorkin, ever the peacemaker, said the proceedings should be restrained, especially as it appeared the president's decree on special powers had not been registered and so was not in force.

Even in the shadow of what the majority said was threatened totalitarianism, the Russian bureaucracy ground on at its own pace: or had Mr Yeltsin drawn back? Whichever it was, said Mr *Zorkin*, "we cannot pretend nothing has happened".

Clinton resolute but sees perils

By George Graham in Washington

PRESIDENT Bill Clinton has committed himself resolutely, but not irrevocably, to the cause of Mr Boris Yeltsin.

With a flurry of supportive statements and a concerted effort to put new wheels on the western aid train, Mr Clinton has made clear he viewed Mr Yeltsin not just as the current office-holder, with whom the US must deal willy-nilly, but as the best hope for democracy and market-based reform in Russia.

But Mr Clinton is also aware of the perils of hitching his policies too firmly to Mr Yeltsin's wagon – all the more so as he accused former President George Bush last year of the same misguided adherence to Mr Mikhail Gorbachev, the *last* leader of the Soviet Union.

Several Russian experts and some newspaper editorialists have accused Mr Clinton of making the same mistake. Criticism became especially pointed when an unnamed senior administration official indicated the US would look *the* other way if *Mr Yeltsin* were to adopt unconstitutional means in his battle with the Russian Congress.

Former Secretary of State Henry Kissinger, who has consistently warned against pinning US policy too firmly to any one leader, sees a strong possibility of Russia relapsing *to Pinochet-style authoritarian* rule under one of a number of contenders, including Mr Yeltsin.

But politicians from both US parties have been more understanding of Mr Clinton's predicament, generally concurring he has no choice but to support Mr Yeltsin, at least as long as *the Russian leader is committed* to battling the Congress at the ballot box rather than the streets. Some, indeed, would like Mr Clinton to make even clearer whose side he is on.

Valery Zorkin, chairman of the Constitutional Court (left):
'[Your decision] suspends the basis of the Russian constitution [and] leads to further destabilisation of society, with all the ensuing consequences . . . you are discrediting yourself as the president.'

Gen Alexander Rutskoi, vice president (right)
'This order [of Yeltsin's] will lead to a split in society and in the state . . . Major disputes will start in the society, followed by the use of force and the spilling of blood . . . respected Boris Nikolayevich, I beg you to change your announcement on television.'

Decree revives memories of 1917 bloodshed

By Leyla Boulton in Moscow

THE CIVIL war which engulfed Russia after the Bolsheviks seized power in 1917 and foreign countries intervened in the conflict is a powerful memory etched on the minds of most Russians.

It has never loomed as large as now that President Boris Yeltsin has declared special rule-by-decree pending a referendum next month to let Russians decide whether he or parliament should rule the country.

Fears of a new split in the army, seven decades later, *prompted* Mr Yeltsin, as commander-in-chief, to order the armed forces to stay out of politics. But although he declared yesterday that the army would remain neutral, Gen Pavel Grachev, defence minister, was *inevitably taking sides when* he signed a government statement supporting the president.

Gen Grachev, who owes his position to his support for Mr Yeltsin in resisting the August 1991 coup, was joined by the security and interior ministers, who also pledged their respect for "constitutional principles".

In supporting Mr Yeltsin's gamble to break a constitutional deadlock by violating a Communist-era constitution, the heads of the three so-called power ministries must now hope that they backed the right horse in the conflict with parliament.

For this to happen, they must also rely on the forces *they command* – the armed forces, the police and the successor *organisation to the KGB* – to keep on obeying orders. Passivity and indifference have been a dominant sentiment in the armed forces to date.

But *the parliament has* already picked up a powerful ally: Vice-President Alexander Rutskoi, who is not only a popular politician but an air force general. Gen Rutskoi's first concern is to position himself as a successor to Mr Yeltsin if everything goes wrong. He could, however, also come to *capitalise on discontent in the* armed forces if corruption is not dealt with, living conditions continue to deteriorate and the troops are pulled into situations where they might have to choose sides.

"We are in shock, we are in a trance about what President Yeltsin did. We not like it," *said* one Moscow police officer yesterday.

'I am counting on understanding for my actions'

The following are extracts from President Boris Yeltsin's address to the nation on Saturday.

"In June 1991 you elected me President, entrusted the government of the Russian Federation state to me. Then, for the first time in the thousand-year history of the country, a choice was made, a choice of head of state and a choice of the path which Russia should follow.

"The choice was extremely tough and responsible – either, as before, head down the communist dead end, or begin deep reforms so as to take the road of progress, along which all civilised humanity is moving. . .

"The Congress is trying to *limit the president, his* strivings to give land to the people and to preserve Russia. Possibilities of a search for accord with the conservative majority of the deputies' body are completely exhausted. . .

"The Congress refused to listen to the voice of the country, it refuted the opinion of the *overwhelming majority of* voters, but the Congress is not the state, the Congress is not Russia.

"In these conditions the president is obliged to take on himself the responsibility for the fate of the country. On me as president lies the state obliga*tion, in the conditions of* major changes which Russia is undergoing now, to furnish observation of the very bases of the constitution, and first and foremost of people's power, federalism, the division of powers, and human rights and freedoms. . .

"I have given the order to *the Ministry of Defence not to* allow the use of the army for political ends.

"I confirm that henceforth concern about the armed forces, about servicemen will be one of the most important tasks of the Russian state. I especially want to stress that *my order guarantees the observation* of human rights in its full measure. . .

"Esteemed citizens of Russia, I will be frank: I am minded to act resolutely. I think that there is no other way in the situation that has taken shape.

"If political squabbling is not halted, if no resolute measures *are taken to resolve the political* crisis, if no powerful momentum is given to the economic reforms, the country will be pushed into anarchy. Viktor Stepanovich Chernomyrdin, chairman of the Council of Ministers, has been instructed to present, within *two days, a list of priority* economic measures.

"The list should provide first for measures to resolve the land question; a simple and understandable mechanism for handing land over to citizens as private property is needed.

"I am counting on the support of the country's main *political groupings. I shall* continue my dialogue with them on a draft for a new constitution and implementation of economic reforms, and on how they can work together with the government.

"Esteemed fellow citizens, I am proposing a way out of the *crisis that is civilised* and based on the fundamental tenets of the constitution, without extreme or arbitrary measures, without tanks or barricades, without street rallies or strikes.

"You yourselves, the citizens of Russia, will decide everything by your vote. This will be *your choice*, the choice of the people. I am counting on understanding for my actions and I ask you to support your president. I believe I have your support."

INTERNATIONAL ECONOMIC INDICATORS: **PRICES AND COMPETITIVENESS**

Yearly figures are shown in index form with the common base year of 1985. The real exchange rate is an index throughout; other quarterly and monthly figures show the percentage change over the corresponding period in the previous year and are positive unless otherwise stated.

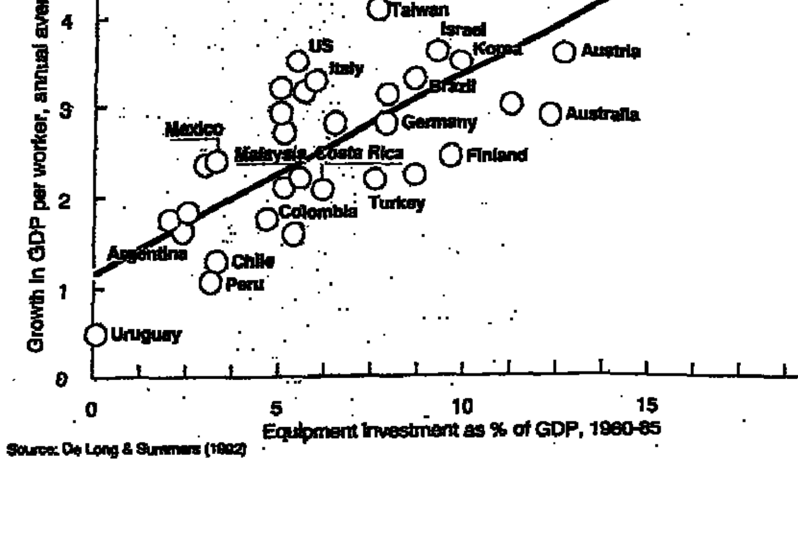
	UNITED STATES					JAPAN				
	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1987	105.6	100.7	103.8	96.7	65.4	101.2	92.5	103.1	100.6	131.6
1988	109.9	103.2	106.9	98.1	61.8	102.2	92.3	107.8	96.2	140.3
1989	115.2	108.5	110.0	98.9	65.5	104.9	94.2	114.0	96.1	132.2
1990	121.5	113.8	113.8	100.9	60.9	108.2	95.7	120.1	98.2	114.8
1991	126.6	116.3	117.3	103.5		111.8	96.8	124.4	101.6	
1992	130.4	117.7	120.1	103.1		113.9	95.8	126.1	110.5	
4th qtr.1991	3.0	–0.2	2.9	1.7		3.2	–0.1	3.2	6.0	
1st qtr.1992	2.9	0.4	2.6	–0.1		2.1	–0.8	2.5	8.2	
2nd qtr.1992	3.1	1.3	2.9	–0.5		2.6	–1.0	2.4	8.7	
3rd qtr.1992	3.1	1.6	2.3	–0.1		2.0	–0.9	1.0	8.7	
4th qtr.1992	3.0	1.5	2.0	–0.9		0.9	–1.2	0.2	9.4	
January 1992	2.6	–0.4	1.7	0.7	n.a.	2.0	–0.7	4.6	7.9	n.a.
February	2.8	0.6	3.5	–0.1	n.a.	2.2	–0.8	1.2	8.9	n.a.
March	3.2	1.1	2.6	–0.7	n.a.	2.2	–0.8	1.7	9.8	n.a.
April	3.2	1.1	3.4	–0.6	n.a.	2.8	–0.9	1.3	8.7	n.a.
May	3.0	1.1	2.6	–0.6	n.a.	2.3	–0.9	1.1	11.8	n.a.
June	3.1	1.6	2.6	–0.3	n.a.	2.5	–1.0	3.8	5.7	n.a.
July	3.2	1.7	1.7	–0.2	n.a.	2.0	–0.8	2.3	8.8	n.a.
August	3.2	1.6	2.6	–0.4	n.a.	1.8	–0.9	–1.5	11.4	n.a.
September	3.0	1.6	2.5	0.3	n.a.	2.2	–0.9	1.4	5.8	n.a.
October	3.2	1.7	1.7	–0.5	n.a.	1.2	–1.1	1.5	8.6	n.a.
November	3.0	1.3	1.7	–1.0	n.a.	0.6	–1.1	1.5	9.4	n.a.
December	2.9	1.6	2.5	–1.3	n.a.	0.9	–1.2	–0.7	10.3	n.a.
January 1993	3.3	1.8	2.5	–1.8	n.a.	1.0	–1.1			n.a.
February	3.3	1.8			n.a.	1.3				n.a.

	GERMANY					FRANCE				
	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1987	100.1	95.1	108.0	107.1	123.9	105.9	97.8	107.8	103.0	102.6
1988	101.4	96.2	113.0	106.8	125.3	108.8	102.8	111.1	104.3	96.3
1989	104.2	99.3	117.3	107.9	121.0	112.6	108.4	115.4	105.5	92.3
1990	107.0	101.0	123.8	110.4	125.0	116.4	107.1	120.6	110.0	95.7
1991	110.7	103.4	131.8	114.9		120.0	105.8	125.8	114.0	
1992	115.1	104.8				123.3	104.0	130.3		
4th qtr.1991	4.0	2.4	n.a.	6.6		2.9	–3.6	n.a.	2.7	
1st qtr.1992	4.3	2.0	n.a.	4.6		3.1	–3.0	n.a.	1.8	
2nd qtr.1992	4.5	2.0	n.a.	3.8		3.1	–1.1	n.a.	2.6	
3rd qtr.1992	3.5	1.0	n.a.	6.1		2.7	–0.9	n.a.		
4th qtr.1992	3.7	0.5	n.a.			2.2	–1.5	n.a.		
January 1992	4.0	1.6		4.5	n.a.	2.9	n.a.	–	n.a.	n.a.
February	4.3	2.0		3.6	n.a.	3.0	n.a.	–	n.a.	n.a.
March	4.8	2.5		5.4	n.a.	3.2	n.a.	3.6	n.a.	n.a.
April	4.8	1.9		5.4	n.a.	3.1	n.a.	–	n.a.	n.a.
May	4.6	2.0		1.7	n.a.	3.1	n.a.	–	n.a.	n.a.
June	4.2	2.0		4.3	n.a.	3.0	n.a.	3.8	n.a.	n.a.
July	3.3	1.1		6.9	n.a.	2.9	n.a.	–	n.a.	n.a.
August	3.5	1.1		5.2	n.a.	2.7	n.a.	–	n.a.	n.a.
September	3.6	0.8		4.3	n.a.	2.6	n.a.	3.5	n.a.	n.a.
October	3.7	0.5		7.8	n.a.	2.4	n.a.	–	n.a.	n.a.
November	3.7	0.5		9.4	n.a.	2.1	n.a.	–	n.a.	n.a.
December	3.7	0.5			n.a.	2.0	n.a.	3.6	n.a.	n.a.
January 1993	4.4	0.8			n.a.	2.1	n.a.	–	n.a.	n.a.
February	4.2	0.5			n.a.	2.1	n.a.	–	n.a.	n.a.

	ITALY					UNITED KINGDOM				
	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1987	111.0	103.2	111.6	105.6	102.3	107.7	108.3	116.3	105.9	91.3
1988	116.5	106.6	118.4	109.7	101.6	113.0	113.2	126.2	108.9	97.5
1989	124.2	113.1	125.6	112.4	107.2	121.8	119.0	137.2	113.6	96.4
1990	131.8	117.8	134.7	118.9	113.7	133.3	126.0	150.1	123.2	102.3
1991	140.3	121.7	147.9	131.3		141.2	133.0	162.4	130.3	
1992	147.7		155.9			146.4	138.0	173.1	132.4	
4th qtr.1991	6.1	2.1	10.6	12.8		4.2	5.0	7.8	2.3	
1st qtr.1992	5.6	1.4	9.2	3.2		4.1	4.5	8.6	3.5	
2nd qtr.1992	5.5	2.0	6.0	5.0		4.2	3.6	5.9	1.2	
3rd qtr.1992	5.2	1.9	3.7			3.6	3.5	8.2	2.0	
4th qtr.1992	4.8		2.9			3.0	3.4	5.7	–0.2	
January 1992	6.1	1.3	9.4	n.a.	n.a.	4.2	4.5	7.5	4.0	n.a.
February	5.3	1.5	9.1	n.a.	n.a.	4.1	4.4	7.8	1.6	n.a.
March	5.5	1.4	9.1	n.a.	n.a.	4.0	4.5	10.3	4.9	n.a.
April	5.5	1.8	8.8	n.a.	n.a.	4.3	3.8	5.0	–0.5	n.a.
May	5.7	2.1	4.6	n.a.	n.a.	4.3	3.5	7.0	2.4	n.a.
June	5.4	2.1	4.7	n.a.	n.a.	3.9	3.6	5.9	1.7	n.a.
July	6.4	1.9	4.0	n.a.	n.a.	3.7	3.6	6.2	3.0	n.a.
August	5.2	1.9	3.5	n.a.	n.a.	3.6	3.4	6.5	1.8	n.a.
September	5.1	1.9	3.7	n.a.	n.a.	3.6	3.4	5.7	1.1	n.a.
October	4.9	2.0	4.1	n.a.	n.a.	3.6	3.3	6.3	0.2	n.a.
November	4.8	2.2	2.1	n.a.	n.a.	3.0	3.3	5.6	0.0	n.a.
December	4.7		2.4	n.a.	n.a.	2.6	3.5	5.4	–0.8	n.a.
January 1993				n.a.	n.a.	1.7	3.6	5.0	–2.2	n.a.
February				n.a.	n.a.	1.8	3.7			n.a.

Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA from *national* government and IMF sources. Consumer prices: not seasonally adjusted. Producer prices: not seasonally adjusted, US – finished goods, Japan – manufactured goods, Germany – industrial products, *France* – intermediate goods, Italy – total producer prices, *UK* – *manufactured products*. Earnings *index: not seasonally adjusted, refers to earnings in manufacturing* except *France and Italy* (wage rates in industry). Hourly except Japan (monthly) and UK (weekly). Unit labour costs: seasonally adjusted, measured in domestic currencies. Germany – mining and manufacturing, other countries – manufacturing industry. Real exchange rate: IMF real effective exchange rate based on relative unit labour costs (non-normalised). A fall in the index indicates improved international competitiveness.

Equipment investment and economic growth



Source: De Long & Summers (1992)

Post-communist dilemmas for would-be activists

IT IS ironic, as well as potentially disastrous, that the collapse of communism and the consequent pleas for western aid and trade arrived at just the time when western capitalism was slipping into one of its periodic bouts of recessionary angst. Russian President Boris Yeltsin might feel disappointed at the rather lukewarm support, financial or otherwise, that *the west has been able to offer him* over the past 18 months as his post-Soviet day of reckoning has approached. Warm words of support, he may reflect, are one of liberal capitalism's cheaper commodities.

Yet the collapse of the Soviet planned economy has also made economic and political life very difficult for western governments with activist inclinations. The electoral failure of the French Socialists suggests that left-inclined governments must offer something more than monetarism laced with protectionist rhetoric. The challenge for *US President Bill Clinton*, elected to reverse a decade of "trickle-down" economics, is to find a government activism which works.

The US administration has chosen to emphasise the need to raise the low level of US investment in order to raise productivity and growth. Professors Bradford De Long and Lawrence Summers, previously economists at Harvard University and now key members of *Mr Clinton's Treasury* team, have exhaustively investigated the relationship between investment and economic growth. Their findings confirm that those countries which achieve a high level of equipment investment do tend to have *higher rates of growth* of output per head.

The link exists, they argue, because the technical expertise of the workforce depends on the availability of capital on which to learn and gain experience. Hence equipment investment is much more important for growth purposes than investment in buildings and residential construction. They find that each extra percentage point in the equipment invest*ment share of GDP raises* growth by *0.8* percentage points compared to a mere 0.02 percentage points for other investments.

But is the link causal? The correlation is certainly powerful – differing levels of equipment investment explain about three quarters of the variation in output growth among relatively high productivity countries and two fifths when developing countries are included – but does this imply that more investment means more growth or instead that fast growing economies tend to attract more investment?

De Long and Summers' answer leads directly to their policy prescriptions. If the causal chain ran from growth to investment, then the higher *demand* for capital goods in fast-growing economies should mean higher prices for capital equipment relative to other goods. But fast-growing economies tend to have a lower relative price for capital equipment which in turn makes investment more profitable. Indeed, investing in Japan is attractive in part because the relative prices of equipment are 20 per cent less than in economies with comparable productivity as prices are so high in Japan's distorted service sector.

Rather than artificially raising the prices of services, De Long and Summers prefer policies which reduce the relative price of new investment, perhaps a more *permanent* version of the Clinton temporary investment tax credit. But they oppose protectionist industrial policies which tend *to raise* the cost of investment and acknowledge that Japan's success can also be attributed to its high level of national savings. *Raising US* saving means either higher taxes or less government spending, thus clipping activists' wings.

The Soviet experience of non-market investment promotion provides a further qualification. Post-war Soviet economic policymakers certainly succeeded in *boosting* the level of capital investment to much higher levels than the US achieved. But the effects on living standards were disastrous and politically difficult to reverse, a fact to which Mr Yeltsin can testify.

Edward Balls

Equipment Investment and Economic Growth: how strong is the nexus? Brookings Papers on Economic Activity 1992.2

Bosnia peace talks reach an impasse

Nato jets ready to enforce no-fly zone

NATO has completed plans to enforce a no-fly zone over Bosnia, with the United Nations expected to approve the use of allied fighters this week to shoot down Serb or other aircraft over the republic, Reuter reports from Brussels.

At the same time negotiations on peace talks to end the war reached an impasse at the weekend with mediators Mr Cyrus Vance and Lord Owen evaluating how or whether to keep the negotiations going.

Bosnia's Moslem President Alija Izetbegovic has refused to participate in any formal talks with the Bosnian Serb leader, Mr Radovan Karadzic, as long as the siege of the east Bosnia town of Srebrenica continues.

At issue in the peace talks is a map splitting Bosnia into 10 semi-autonomous provinces, largely along ethnic lines. Bosnia's Croats have accepted this plan but both the government and the Serbs have rejected it.

Nato sources in Brussels said the no-fly zone enforcement operation would be run from a Nato air headquarters at Vicenza, north-eastern Italy, and would probably include fighters from the US, Britain and France.

"We're ready to go, just as soon as the UN tells us," said one Nato official. Various plans were available, ranging from simple patrolling of the skies to bombing airfields in Serbia and elsewhere if necessary.

While Nato will run the operation, it will be under the strict political control of the UN, which can stop or modify the operation as it likes.

The UN imposed the no-fly zone over Bosnia last October to stop air attacks. The flight ban has been violated more than 450 times since then, mostly by the Serbs.

The UN Security Council is expected to vote for enforcement this week, after light aircraft carried out the first confirmed bombing raids against Moslem villages in Bosnia and then flew off in the direction of Serbia one week ago.

The resolution is also expected to include a "warning period" of days or even weeks before enforcement begins.

In eastern Bosnia, General Philippe Morillon tried to put together a deal with Serbs and Moslems yesterday to get aid flowing again to starving Moslems there.

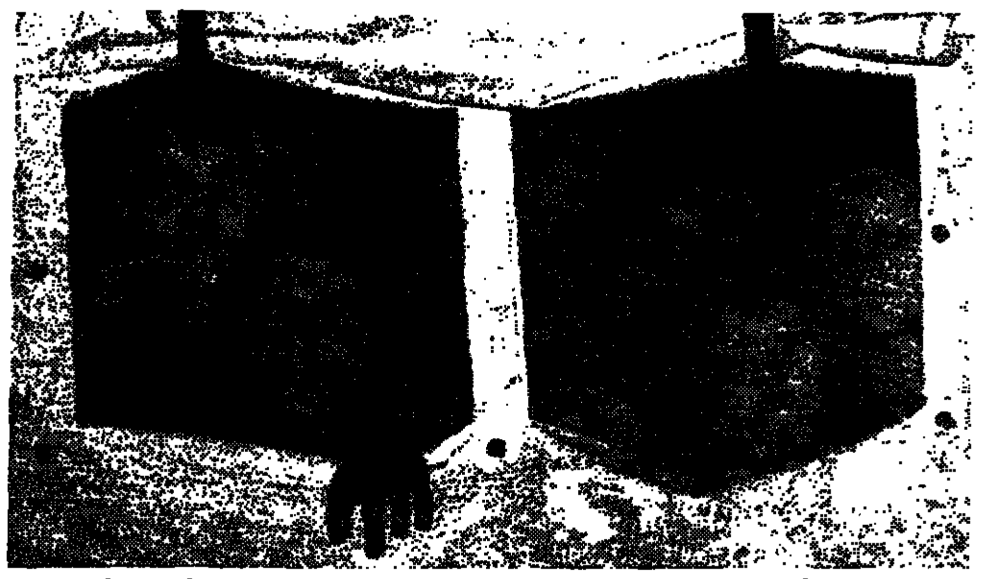
Gen Morillon, commander of UN troops in Bosnia, left the headquarters he has set up in Srebrenica for talks with both warring parties after 18 trucks with supplies for the besieged Moslem town were blocked on the Serbian-Bosnian border.

A UN military source in the border town of Mali Zvornik, where the Danish trucks were stranded for a second day, said the French general had talks in the Bosnian Serb town of Bratunac before driving on to the Moslem stronghold of Tuzla.

US aircraft dropped more aid over Srebrenica early on Sunday but, for the first time, scattered individual packets rather than pallets to try to prevent starving inhabitants from killing each other in the chaotic scramble for food.

Meanwhile, the besieged Bosnian capital, Sarajevo, came under heavy artillery attack yesterday after two days of relative calm. Serb artillery unleashed a ferocious barrage on the Old Town area and the residential neighbourhood of Vratnik at dawn.

Shelling, apparently from Moslem positions, also rained down on the airport, hub of the international relief airlift for the besieged capital, and closed the road leading from it into the city, UN officials said.



Evacuees from Srebrenica peer out of the UN lorry taking them out of the besieged Moslem town

Strike threats loom larger in east Germany

By Judy Dempsey in Berlin

THE THREAT of strikes among eastern Germany's engineering, metal, electrical, and steel sectors increased sharply at the weekend after the DGB federation of trade unions said it would organise "a week of resistance" in support of higher wages in the region.

But Mr Tyll Necker, president of the German Industry Federation, said demands for a 26 per cent pay increase on April 1 in the five eastern states was "a little mad".

The DGB said it wanted to show that it opposed the decision by Gesamtmetall, the employers' association, to renege on a contract made with IG Metall, the engineering union, in March 1991. That contract would have brought eastern German wages up to western German levels by April 1994. The 26 per cent pay rise, due next month for eastern German engineering, metal, electrical and steel employees, was part of that agreement.

Both the DGB and IG Metall say the employers want to end the system of collective wage bargaining, which would mean that employers would be free to set their own wages. Mr Heinz Werner Meyer, president of the DGB, warned at the weekend that "eastern Germany would have no future as a cheap wage country".

So far, the government has issued no statement about the pending strike. But Mr Karlheinz Blessing, Social Democratic party secretary, said "a strike, provoked by the employers, was the last thing the new states wanted".

Building equipment demand set to fall

By Andrew Baxter

DEMAND FOR construction equipment in Europe is likely to fall by 8 per cent this year as the boom in Germany caused by reunification passes its peak, according to a forecast by the London-based Corporate Intelligence Group.

The predicted decline follows a 3 per cent fall in the European market last year to 95,901 units, and sales are expected to fall by a further 7,000 units this year.

If that happens, the group said, the market would have declined by 15 per cent since 1989.

The surge in equipment sales in Germany has been the one bright spot in the industry over the past three years. Unit sales rose by 22 per cent last year to 44,555, and Germany now represents 47 per cent of the European market, compared with 18 per cent in 1989 for the former West Germany.

Sales in Germany had benefited from the influx of new citizens from eastern Europe, and the work to be done in the new federal states.

Wheeled loaders, hydraulic excavators and small earth-movers had been bought in great quantities.

But 1993 had started slowly, and overall sales were likely to fall this year by 13 per cent to 38,955, the group said.

"In the bonanza of selling in the east, there are many dealers of very doubtful financial standing and by the end of 1993 there will probably be quite a shake-out in progress.

"There is the worry that rental fleets recently created will be under-used, with banks reclaiming machines and forcing them back on to the used equipment market at low prices."

In spite of the decline, however, the German market will still be about 120 per cent bigger than in 1988, and German sales will continue to dominate the European market.

All other countries apart from Austria and Denmark declined last year, with the sharpest falls in Finland, Sweden and Spain.

Overall the group said 1993-94 would be a period of continued difficulty for construction equipment producers, and real recovery was unlikely before 1995-96.

Report £100 from Corporate Intelligence Group, 51 Doughty Street, London WC1N 2LS.

VME plunges to $94m net loss, Page 14

Danish doubts on Maastricht

DANISH voters are increasingly doubtful whether to vote for the Maastricht treaty and Denmark's opt-outs agreement in the May 18 referendum, according to a Gallup poll published yesterday, writes Hilary Barnes.

The poll indicated 47 per cent would vote yes, compared with 54 per cent in favour in a poll in early February. Some 25 per cent said they would vote against, unchanged from February. The "don't knows", however, increased from 13 to 24 per cent.

Warning on cost of EC steel job losses

By Hilary Barnes in Nyborg

THE COSTS of social compensation for the tens of thousands of European steelworkers likely to lose their jobs when the industry is restructured over the next few years could be much higher than expected, according to Mr Martin Bangemann, EC industry commissioner. He was speaking after a meeting of EC industry ministers in Nyborg, Denmark at the weekend.

Neither he nor other participants were prepared to quote figures, but the implication of Mr Bangemann's statement appears to be that redundancies will be in the upper range of estimates made at the ministers' meeting in Brussels on February 25. It was said then that 50,000-100,000 jobs might have to go as crude steel producers and rolling mills were closed.

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NEWS IN BRIEF

Belgians at odds on austerity plan

BELGIUM'S centre-left government failed after a weekend marathon of talks to agree on an austerity plan to cut the country's huge debt, Reuter reports from Brussels. A government spokeswoman said there were still serious differences among the coalition parties and that plans to present the austerity package to parliament today had been scrapped.

The Christian Democrat and Socialist parties agree on the need to find an extra BFr110bn ($3.3bn) by the end of next year, either in savings or in extra revenue. However, the Socialists want to avoid higher taxation, while the Christian Democrats favour large spending cuts and extra taxes.

Turkish Kurd peace hopes rise

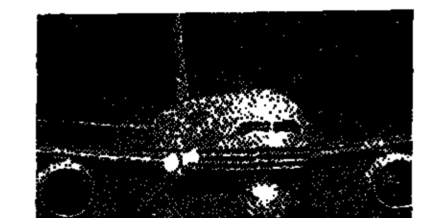
Turkish Kurds marked the Nowrouz spring festival with only minor outbreaks of unrest yesterday, keeping alive peace hopes raised by a guerrilla ceasefire, Reuter reports from Cizre.

A 15-year-old youth, one of six civilians wounded by bullets when police broke up an unauthorised demonstration by Kurds in the southern industrial city of Adana, died of his wounds, a police official in the city told Reuter. A child was injured and 200 people were detained in Adana, according to the police chief. But there was no repeat of last year's Nowrouz bloodbath in which about 100 people died, most of them civilians.

Tanks, armoured cars and sharpshooters kept a tight grip on the south-eastern towns of Cizre and Silopi. There were few signs of trouble from Kurdistan Workers' Party guerrillas, whose leader has called a unilateral 26-day ceasefire.

Dutch Sunday newspaper closes

The Netherlands' only Sunday newspaper has folded after just 23 issues, marking the failure of the second attempt in 30 months to persuade the Dutch to acquire the habit of reading a Sunday newspaper, writes Ronald van de Krol in Amsterdam. HP/De Tijd op Zondag blamed lack of advertising for its demise. The newspaper, which had 55,000 subscribers, faced high costs because of a union ban on Sunday printing that forced it to print in Belgium.



Tokyo market shines out of the gloom

Experts are at a loss to explain the surge, writes **Emiko Terazono**

EVEN Mr Hidenobu Sasaki, the eccentric but popular stock market analyst, is at a loss to explain it. Surrounded by an array of astrological charts at Nikko Securities, Mr Sasaki, famed in Japan for his Buddhist-inspired analysis of the stock market, admits he cannot explain the surge in the Tokyo market over the past three weeks.

Stockbrokers return to work this morning amid an atmosphere of nervous anticipation. For more than three years the market had slid, with trading volumes contracting. If the rally of the past few weeks continues unabated this week, Tokyo could move above 19,000, touching levels it has not reached for months.

The backdrop for the rally could hardly be gloomier.

Companies are preparing to announce what for most will be their third consecutive year of declining profits.

Last week the government announced that the economy grew by only 1.5 per cent last year, the slowest rate of growth for 18 years, largely because domestic demand is still feeble. Meanwhile, Japan's political leadership is again under the shadow of a political scandal, involving tax evasion by Mr Shin Kanemaru, until recently godfather of the ruling Liberal Democratic party.

Yet the stock market has thrived in the face of this economic and political adversity.

The index has risen by 10 per cent over the past two weeks to close last Friday at 18,537.17. Just as significantly, trading volumes have surged to levels unseen since the late 1980s. A daily average of 550m shares were traded over the fortnight, 2.3 times higher than last month's average figure.

But if the facts are clear, the causes are not. Mr Sasaki and more conventional analysts cannot agree on whether the market's revival is the product of clever government intervention or whether prices have ended their three-year slump. Could the surge be a long-awaited harbinger of a revival in the rest of the economy?

Politics has had a huge impact on the market. The government is steering banks and life assurers away from selling shares. It has also pumped in money from public pension funds.

The passage of the 1993 budget through the lower house of the parliament cleared the way for the LDP to begin work on another stimulatory package for the economy. All the signs are that it should be larger than the Y10,700bn programme introduced last summer. Some LDP officials have suggested a further Y6,000bn could be devoted to stock buying.

In addition, the performance of one stock, Nippon Telegraph and Telephone, the partly state-owned telecommunications group, has driven the market higher. The LDP has suggested that NTT may be allowed to raise its charges, which should boost its profits. The company is also cutting costs with an aggressive restructuring programme.

The Bank of Japan has also played its part with a cut in its official discount rate to an historic low of 2.5 per cent. This is benefiting equities; as Mr Yuichi Kohashi at Daiwa Securities says: "Low interest rates are pushing liquidity into the markets."

Brokers say the government's support may have sparked genuine buying. Foreign investors, scared of missing the recovery, have rushed in. For the week ending March 19, overseas investors bought a net Y304bn, the largest net purchase since the second week in February 1991.

How long will the rally last? Mr Hideo Sakamaki, president of Nomura Securities, at the weekend told 400 of his managers the stock market surge was anticipating a recovery in the economy as a whole.

Many analysts are not so sure. The economy still looks weak. Projections for corporate profits suggest that earnings will fall for the year to next March, the fourth consecutive year of decline, which would be a post-war record.

Once companies close their books at the end of the month, they will not need higher stock prices to boost the value of the securities holdings on their balance sheets.

Many analysts expect that after that the stock market will shed some of its recent gains, mainly because of the political timetable. Mr Kiichi Miyazawa, prime minister, must convince the US government, which is unhappy with Japan's surging trade surplus, that the package will stimulate the economy's demand for imports.

The package, due to be announced before Mr Miyazawa sets off to Washington in the middle of next month, could mark the end of the good news on economic policy for a while, so some analysts are telling clients to be ready to sell.

As Mr Jason James, a strategist at James Capel, puts it: "Sell as Mr Miyazawa steps on the plane."

THE emergency economic package which Japan's government is drawing up to stimulate the flagging economy could be worth Y14,000bn (£81bn), Mr Hiroshi Mitsuzuka, the senior politician in charge of co-ordinating the plans, said on television at the weekend, writes Charles Leadbeater in Tokyo.

Details of the package are to be decided in the next three weeks before Mr Kiichi Miyazawa, prime minister, visits Washington for talks in mid-April. They are still to be debated, but are likely to include tax cuts for housing and investment in small businesses, a public works programme which could be worth more than Y8,000bn, and a special investment programme to develop the country's telecommunications infrastructure.

A package worth Y14,000bn would be by far the largest ever introduced by the Japanese government. Its scale is a mark of the political pressure the government is under, domestically and internationally, to revive the economy.

Brazilian state sales resume

By Christina Lamb in Rio de Janeiro

BRAZIL'S privatisation programme has resumed after a four-month suspension. The government stake in petrochemicals company Polioleflnas was sold on Friday at the minimum price of $86.1m to Odebrecht, one of Brazil's leading construction groups.

The sale was seen as a clear indication that President Itamar Franco's government is serious about modernisation and reducing the deficit.

There is still considerable opposition in Brazil to privatisation. A legal battle on Friday caused a five and a half hour delay before Polioleflnas could go under the hammer.

The government is expected to face serious difficulties over the next auction: that of the Rio-based National Steel Company, scheduled for April 2. The company is regarded as a symbol of Brazil's industrial might. Rio's governor intends to oppose the sale.

● Mr Eliseu Resende, finance minister, says the government will impose "strict vigilance" over prices by strengthening the Price Monitoring Department though it will not reintroduce controls.

NEWS IN BRIEF

Spain Socialists see support fall

SUPPORT for Spain's governing Socialist party has fallen sharply, and is now only marginally ahead of that for the opposition conservatives, according to an opinion poll published yesterday. The survey suggests that a hung parliament will be returned when general elections are held later this year, writes Tom Burns in Madrid.

The poll of 10,000 voters in the newspaper El Pais indicated that the Socialists would hold just 146 seats of the 175 they won in October 1989 and that the centre-right Partido Popular (PP) would increase its presence in the 350-member congress from 107 seats to 143.

The Socialist share of the vote has slipped from 39.6 per cent of the vote at the last elections to 33.9 per cent and the PP's has grown from 25.8 per cent to 36.3 per cent.

Mexico's economic growth slows

Mexico's economy grew by 2.6 per cent last year, slightly below the government's latest forecast, with growth slowing sharply in the last quarter to 1.9 per cent on an annual basis, writes Damian Fraser in Mexico City.

According to government figures, growth slowed from 1991's 3.6 per cent despite a strong increase in total investment of 13.9 per cent and in private investment of 20.4 per cent. Such investment failed to stimulate growth further because of rapid depreciation of existing capital stock.

Siemens in China phones venture

Siemens, the German telecommunications group, is investing $80m (£21m) in a joint venture to produce 300,000 digital mobile phones annually to serve the fast-growing China market, writes Tony Walker in Beijing.

Siemens, in partnership with two Shanghai companies, will also produce 500 sets of base station sub-systems each year from 1994 at a plant in the city's Pudong development zone. Agreement for the $50m project was signed this week with Changjiang Communications and Xinda Communications Technique.

UK groups win credit guarantees

British exporters have won credit backing for their 32 per cent share in the $2.45bn Black Point power station in Hong Kong, one of the largest power contracts in the world, writes David Dodwell.

The Export Credits Guarantee Department, the UK government's export credit agency, is guaranteeing two buyer credits, one for $672m, and a second for HK$800m, for work awarded to GEC Alsthom as a member of a consortium with General Electric of the US. The loans are being arranged by Schroders, the UK merchant bank.

CONTRACTS & TENDERS

LEGAL NOTICES

IN THE SUPREME COURT OF HONG KONG
IN BANKRUPTCY NO. B180 OF 1992

Re : TSENG HSIAO TSUN
EX PARTE : GNLV CORPORATION trading as GOLDEN NUGGET HOTEL AND CASINO

To : IN THE MATTER of bankruptcy Petition issued on 17th day of July 1992.
TSENG HSIAO TSUN of 81H Floor, Belgium House, 77-79 Gloucester Road, Hong Kong and 2nd Floor, No. 146 Bonham Strand Central, Hong Kong.

TAKE NOTICE that a Bankruptcy Petition has been issued against you by GNLV CORPORATION trading as GOLDEN NUGGET HOTEL AND CASINO of 129 East Fremont, Las Vegas, Nevada 89101, U.S.A. and that the Court has on the 3rd day of March 1993 ordered that the service of the Bankruptcy Petition fixed to be heard before Master Woolley, at the Supreme Court of Hong Kong on Wednesday, the 24th of March 1993 at 9:30 o'clock in the forenoon and the Order for substituted service dated the 3rd day of March 1993 by sending the same by prepaid ordinary post at: (1) Flat A, 41st Floor, Nam Fung Court, No. 1 Pak Yuen Road, North Point, Hong Kong; (2) 382 Fawn Court, Fremont, California, United States of America; and (3) 81H Floor Belgium House, 77-79 Gloucester Road, Hong Kong and by inserting an advertisement of the same in one issue of South China Morning Post; one issue in Wah Kiu Yat Po and one issue in the London Financial Times shall be deemed good and sufficient service of the Bankruptcy Petition upon you.

The Bankruptcy Petition may be inspected by you on Application at the Supreme Court of Hong Kong, No. 38 Queensway, Hong Kong.

Dated the 19th day of March 1993.

Messrs. Deacons
Solicitors for the Judgement Creditor
3rd to 6th Floors
Alexandra House
Hong Kong

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

Name of company: Wade Construction Company Limited. Registered No: 405649. Trading name; Wade Construction Company Limited. Trade classification: Builders. Name and address of Joint Administrative Receivers: David John Stokes and David James Waterhouse, Coopers & Lybrand, 1 East Parade, Sheffield S1 2ET. Office holder numbers 2682 and 5732. Date of appointment: 12 March 1993. Name of appointer: The Royal Bank of Scotland plc

Signed David Stokes

Dated 15th March 1993

No 001572 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF OTTAKAR'S PLC
- and -
IN THE MATTER OF COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 18th February 1993 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above named Company from £3,180,930 to £1,431,814.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 31st day of March 1993.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 22nd day of March 1993

,nd is ıear for dogged Paris premier

By William Dawkins in Paris

MR Pierre Bérégovoy can take cold comfort when he departs as French prime minister from the fact that his successor will have little choice but to carry on his own economically rigorous policies.

The right has promised to make some fine adjustments, such as accelerating Mr Bérégovoy's partial privatisations. But the broad approach, especially on the firm franc, will probably be the same.

This is partly because the disciplines of membership of the European Monetary System leave almost no margin of manoeuvre and partly because the right's solutions to unemployment are not very different from the failed prescriptions that contributed to the Socialists' downfall.

It is also a tribute to Mr Bérégovoy's doggedness in holding a firm economic line in a Socialist government that did not always give him whole-hearted support. The one achievement for which he has said he wants to be remembered is the control of inflation, now at a mere 2.1 per cent, well under half its mid-1980s level.

Mr Bérégovoy, 67, has been an effective prime minister: neither brilliant enough to get in President François Mitterrand's way – a mistake which cost Michel Rocard the job – nor erratic, a mistake which led to the dismissal of Mr Bérégovoy's predecessor, Mrs Edith Cresson.

Steering this middle way has made Mr Bérégovoy appear sometimes unexciting, a criticism also levied at his possible successor, Mr Edouard Balladur. A low profile may be a useful quality for French prime ministers.

Yet despite his alleged greyness, Mr Bérégovoy has been an electoral asset for the Socialists as one of the few members of the government to have solid working-class credentials, a quality expected to help him regain his parliamentary seat at Nevers, where he is a popular mayor.

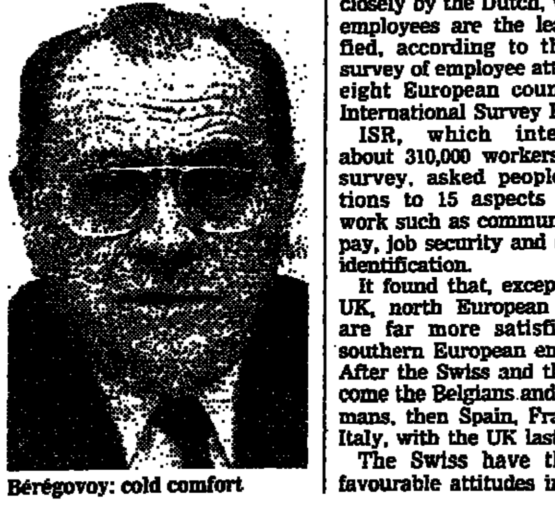
His origins are very different from those of many of his colleagues and advisers, with bourgeois backgrounds and a training in the elite public administration colleges. Mr Bérégovoy never even went to high school and failed the entrance exam for St Cyr military academy.

The son of a Ukrainian grocer, he was a machine tool operator before joining the SNCF railways, where he became a prominent trade union member, and then took a junior management job at Gaz de France, the state utility.

He went into politics as a member of the left-wing Parti Socialiste Unifié, a precursor of the Socialist party, where he worked for Pierre Mendes-France, the one-time prime minister whom he cites as his mentor. He joined the inner circle of French politics as Mr Mitterrand's chief of staff in 1981, just as the Socialist president first took office. It was from there that he later went to the Finance Ministry.

Mr Bérégovoy is said to suspect that some have held his lack of civil service education against him. Indeed, in one widely quoted jibe, a graduate of the Ecole Nationale d'Administration is said to have remarked: "You only have to look at Mr Bérégovoy's socks to see that he is an honest man." That remark has lost some of its significance since he admitted receiving an interest-free loan from a later disgraced businessman.

Whoever Mr Mitterrand chooses from the UDF/RPR coalition as Mr Bérégovoy's successor, the style is at any rate likely to switch back in line with France's traditional ruling élite. The new incumbent might have smarter socks, but he is likely to tread roughly the same policy path.



Bérégovoy: cold comfort

Serious clash of wills likely with President Mitterrand after election

French right in a tough mood

By William Dawkins and David Buchan in Paris

PRESIDENT François Mitterrand will no doubt have some soul-searching to do in the next week or so after last night's crushing defeat of his Socialist party, its worst result for 25 years.

The exact make-up of the national assembly will not be known until the results of next weekend's second round of voting. But the first exit polls last night made this much clear: that the alliance of conservative RPR and centre-right UDF will win between three-quarters and 85 per cent of the 577 assembly seats, a record majority. The Socialists will be lucky to get 10-12 per cent, thereby losing more than two thirds of their present MPs.

If voters go the same way in the second round, the new right-wing government will be able to exert its will against the weakened but still crafty Mr Mitterrand as never before. The right had a majority of only four seats in the last "cohabitation" government of 1986-1988. This time, Mr Jacques Chirac, RPR leader, has promised that the president will be allowed no "private domains", suggesting that a serious clash of wills is on the way.

Mr Valéry Giscard d'Estaing, former French president and current UDF leader, refused to be drawn on what action Mr Mitterrand should take as a result of last night's humiliation. "It is a matter for him," he said.

Mr Alain Juppé, RPR secretary-general, was more blunt. "To govern, you need continuity and unity at the head of state. My profound wish is that Mr Mitterrand draws the consequences if these results are confirmed in the second round," he said. While the right would not govern aggressively, it would make no concessions.

Mr Chirac, by contrast, warned his supporters against "an excess of optimism". He was perhaps sensitive to the fact that the UPF's (the UDF and RPR alliance) overall share of the vote, at around 40 per cent, was roughly the same as in the last general election in 1988, when the Socialists won a relative parliamentary majority with 37.5 per cent of the vote, which compares with the 19 per cent or so they were estimated to have gained yesterday.

Even so, RPR officials were astonished at the size of their forecast victory. "It is almost too much. It won't be healthy if there is no structured opposition in the national assembly," said Mr Bernard Pons, the party's chief parliamentary whip.

The next important battle will be between the RPR and UDF, for the choice of prime minister. By tradition, Mr Mitterrand chooses a prime minister soon after the end of the second round from the party with the most seats. Under the written constitution, he is free to choose whom he likes.

Computer forecasts indicated yesterday that the RPR would have slightly more seats than the UDF. The Gaullists won just over 20 per cent of the votes, indicating between 240 and 260 national assembly seats, while the centre-right got 19 per cent, or between 200 and 240 seats, according to the projections. However, that could change given the fact that RPR and UDF failed to make a complete electoral pact and are standing against each other in 69 seats.

The other big surprise last night was the poor showing of the two ecology parties, Les Verts and Génération Ecologie, which appeared to have won a mere 8.5 per cent seats, less than the extreme right-wing National Front, which did better than expected with 12 per cent of the vote.

In pre-election polls the ecologists were winning as much as 16 per cent of the vote at the peak of their popularity at the turn of the year. This sudden decline means the green pair could end up with no seats – it has none in the current assembly – while the National Front, which now has one MP, could win up to three seats.

Ecology leaders attributed this to the fact that many of their own candidates had joined the party as an experiment and therefore lacked conviction in voters' eyes. The signs are that their disillusioned former supporters swung right rather than left, another indication of the strength of last night's broad swing away from the Socialists.

Left braced for the landslide

By Alice Rawsthorn in Paris

MR François Albert, a retired building worker, has voted Socialist all his life and sees no reason to stop now. "I'm not saying this government has been perfect, but at least they've done their best," he said yesterday after casting his vote in the first round of the French parliamentary elections at the town hall of the 4th arrondissement in Paris.

"The polls say the right will win this time. Maybe they will. What will happen to pensioners like me then?"

Mr Albert, like the rest of the French electorate, will find out next Sunday after the second and final round of voting in the elections which, according to exit polls, the centre-right RPR/UDF coalition is set to win by a landslide.

The atmosphere in Paris yesterday was as downbeat as the rest of the campaign. The tourists milling around Paris yesterday in the spring sunshine could have been forgiven for not realising an election was in progress. Because of tight campaigning rules, there were none of the blockbuster advertising campaigns that mark the final days of US elections, nor the eager canvassers who badger voters outside other European polling stations.

The only signs of the French vote were a few fly posters, odd splashes of graffiti and the official billboards of smiling candidates.

Moreover the tone of the campaign, the 10th parliamentary polls in the Fifth Republic, had been subdued even by French standards. The apparently inevitable conservative landslide, coupled with President François Mitterrand's determination to stay on at the Elysée Palace until the 1995 presidential poll, sapped the electorate's enthusiasm.

THE MAIN PARTIES: from the Left to the Right

Communist leader Georges Marchais

"We have always been underestimated since the start of this campaign...We invite the electors to vote Communist to say what is in their hearts, rather than to commit themselves ideologically to all we stand for."

PCF Founded 1920

Once had 166 MPs (in 1946), but controlled only 26 seats in 1988.

Want to tax speculation and control export of capital to promote investment at home, and to move towards a 35-hour work week without any reduction in pay.

Hostile to reform of EC farm policy and to Gatt negotiations.

Generally against the Maastricht treaty, particularly to joint European defence

Verts leader Antoine Waechter

"Having despised us for 10 years, the Socialist Party has been courting us for the past 10 months."

Founded 1984.

No MPs.

Campaigning on a common policy with Génération Ecologie, but is ideologically more anti-nuclear and pro-conservation than its partner.

Answer to unemployment is to move directly to a 35-hour work week and job promotion (municipal clean-ups) in the non-market economy.

Split on Maastricht, prefers "a Europe of regions."

Génération Ecologie leader Brice Lalonde

Responding to Michel Rocard's offer to form new left-wing coalition as a political Big Bang:

"Rocard yes, the Socialists no. The Bang yes, the Gang no."

Founded since the last parliamentary election by Brice Lalonde, who quit his job as environment minister in the Rocard government to set up the party in 1990.

No MPs.

Supporters include many disillusioned Socialists.

Same broad policy as the Greens, but more pro-EC

Michel Rocard, former prime minister and Socialists' likely presidential candidate

"What we need is a broad movement...embracing reform-minded ecologists, centrists faithful to a social tradition, truly renovated communists...a political Big Bang."

Long history, but modern party dates from 1971.

Their 1988 victory with 266 seats (including those of 19 allies) brought them back in power.

They have maintained a strong franc and a modest programme to sell-off of companies they nationalised when they first entered government in 1981.

Faced with mounting unemployment, they have proposed work-sharing.

The government agreed to EC farm reform last year but has threatened to veto a Gatt deal.

Union pour la Démocratie française leader Valéry Giscard d'Estaing:

"The fact that there will be a coherent new team in government, with clear ideas, will be a factor for confidence."

Founded in 1978 as a federation of five separate centre-right parties.

Won 128 seats in 1988 election.

Fighting current election on a common platform with the RPR under the name of Union pour la France (UPF).

The UDF is more free-market and pro-EC than its RPR partner, and more favourable to decentralisation.

Rassemblement pour la République leader Jacques Chirac

In warning President François Mitterrand not to try to thwart a future conservative government:

"We will accept no obstacle of any kind to our action. Nothing and no one will prevent us from applying our policies."

Founded in 1947 by de Gaulle but later renamed

Won 125 seats in 1988.

More nationalist and anti-EC than its UDF partner.

The common platform of both parties calls for privatisation, budget cuts, and autonomy for the Banque de France.

Large majority of RPR leaders favour keeping the franc strong.

But RPR, for which most farmers vote, is very hostile to both EC and Gatt farm reforms.

Front National leader Jean-Marie Le Pen

"Immigration is the chief cause of rising unemployment, insecurity, taxes and welfare payments."

Founded in 1972 by Mr Jean-Marie Le Pen. Party currently has one MP.

FN

Extreme-right wing.

Policies centre on immigration.

Would give priority to French in jobs, housing and welfare, and organise the return home of immigrants.

Strongly anti-Maastricht.

Left? Right? Fed up? Vote for me!

By David Buchan in Paris

BRINGING the total number of candidates to a record 5,169 in yesterday's first round of voting were more than a dozen fringe parties – ranging from left- and right-wing splinter groups, to single-issue movements such as those for and against shooting and fishing, to the "Fed Up" party.

Most of these several hundred fringe candidates were knocked out last night, under the rule that only a candidate gaining 12.5 per cent of registered votes can go on to the second round of voting for the parliamentary elections on March 28.

But some will have helped to spoil the chances of mainstream candidates. The Citizens Movement is fielding 52 candidates, many of them drawing votes away from Socialists, even though this party's founder, Mr Jean-Pierre Chevènement, the dissident Socialist ex-minister, is still a Socialist party member and running for re-election himself on its ticket.

Muddying the waters in the centre of the political spectrum is the Movement of Reformists, inspired by Mr Jean-Pierre Soissons, himself an oddity as the current non-Socialist farm minister in the government of Mr Pierre Bérégovoy, prime minister.

The countryside has spawned many mini-parties – the "Hunting, Nature, Fishing and Tradition" party (strong in Dordogne and Picardy), their more numerous opponents in the "New Ecologists' Rally for Nature and Animals", and the hardline farming opponents of EC farm reform who have formed "The Stakes for France" movement.

To complete the political gamut of open-air enthusiasts, there is also the "Rally for Sport" pledged to give "sport the place it deserves in our society".

Mysterious to most voters is the "Natural Law" party. Active in Britain in the general election last year, this movement has now crossed the Channel with a promise to deal with high French unemployment by levitation.

By contrast, many voters could probably identify with the "Fed Up" (Ras-le-Bol) party, but since it fielded candidates only in Lorraine, only voters there had an actual chance to do so.

Secret pollsters keep tabs

By David Buchan

THE possibility of surprise last-minute upsets in French elections exists because the country's electoral law forbids the publication of opinion polls within a week of polling day.

But no French government has an excuse for being taken aback by any 11th-hour turnaround in public sentiment, because it has a secretive political department within the Interior Ministry which continues to feed it reports on the public mood right up to the moment when the polling booths open.

This department is known as the Renseignements Généraux, a shadowy force whose job is to keep tabs on political developments of all sorts within the country.

The RG used to function more like a secret police in opening politicians' letters and bugging their offices, but since 1964 it has created a polling organisation within the Interior Ministry which is the envy of many regular pollsters.

It is able to call on the services of several hundred inspectors, who often interview a much wider sample of the public (up to 2,000 people) than the regular pollsters do.

But, as one RG inspector told Libération newspaper, they are not straightforward about their identity. "When someone asks who we work for, we say that we are doing subcontract work for some institute whose name is known. To say that we are policemen would falsify the replies."

Yet the RG believes it forms a valuable role. "Weakened by decentralisation, the state has more and more need of an institution to supply it the information which will help it take its decisions," the inspector said.

Swiss are most satisfied employees in Europe

By David Goodhart, Labour Editor

SWISS employees are the most satisfied in Europe, followed closely by the Dutch, while UK employees are the least satisfied, according to the latest survey of employee attitudes in eight European countries by International Survey Research.

ISR, which interviewed about 310,000 workers for the survey, asked people's reactions to 15 aspects of their work such as communications, pay, job security and company identification.

It found that, except for the UK, north European workers are far more satisfied than southern European employees. After the Swiss and the Dutch come the Belgians and the Germans, then Spain, France and Italy, with the UK last.

The Swiss have the most favourable attitudes in all but one of the 15 categories. That category is pay, where the Dutch come top.

UK workers were in the top half of the eight countries in only two categories, management and benefits, and have the most negative attitudes of all towards the quality of their work and training and their companies' communications. They also score lowest on company identification and feel the most insecure in their jobs.

An earlier survey in 1992, part of the same programme of research for a group of large companies, found Spanish workers the least satisfied, followed by Italians. The fact that they have now been overtaken by UK employees may reflect the severity and depth of recession in the UK.

Spanish employees are still relatively negative about their management, pay and training but they identify strongly with their employing organisations. The French have the most unfavourable attitude of all towards pay, work organisation and working relationships.

German employees feel they are efficient, have good working conditions and are satisfied with their jobs. But they are critical of the way they are organised, managed, communicated with and trained. They have the most negative attitudes of all to their immediate bosses.

The categories attracting the highest average favourable response across the eight countries are job satisfaction, working relationships and operating efficiency. The least favourable responses came from pay, communications, benefits and performance and development.

ISR International Survey Research Ltd, Albany House, Petty France, London SW1H 9EE.

Opinion poll suggests fears of racism wave are unfounded

Germans dislike neo-Nazis

By Quentin Peel in Bonn

GERMANS do not like having neo-Nazis as their neighbours. They like them even less than drug-addicts, drunks and left-wing revolutionaries.

As for anti-Semitism, it is a feeling still harboured by only a small minority of the German population, and it is not on the increase. It is no more significant than it is in neighbouring France.

Those clear conclusions emerge from an opinion poll of the German population, which suggests that fears of a new wave of racism and right-wing radicalism in the country are largely unfounded.

On the other hand, it does suggest that Germans are still pretty choosy about precisely who is coming to live next door to them, but more on grounds of behaviour than of race.

The opinion survey carried out by the respected Allensbach Institute, the country's leading polling organisation, decided to test attitudes to foreigners and political extremism by asking: "Who would you not like to have as your neighbour?"

The result showed that "right-wing extremists" were the nastiest neighbours of all: 77 per cent of the population want to have nothing to do with them.

That compares with 67 per cent who do not want drug addicts next door, 66 per cent who single out "heavy drinkers", and 61 per cent who are equally hostile to "left-wing extremists".

The one minority group in the German population which is clearly the object of prejudice is the gipsies: 64 per cent do not want them as neighbours, either.

Of all the national, religious or racial groups mentioned, the Jews are disliked by the smallest proportion: just 7 per cent.

"People with large families" are more unpopular – on 8 per cent – and the vague definition "people of a different race" is ruled out by the same proportion.

A similar poll carried out in France in 1990 showed very similar degrees of prejudice: 7 per cent did not want Jews next door, 13 per cent did not want "immigrants" (12 per cent in Germany), and 18 per cent did not want Moslems (17 per cent in Germany).

The Allensbach institutes concludes: "The overwhelming majority of Germans are shocked by and full of contempt for those who believe that German unification can be used to spark a major nationalist blaze... Germans distance themselves from political extremism, and this distance has not decreased in the past two years, but rather, it has grown."

Another poll published on Friday did show, however, that the small minority supporting the far right is still creeping up in size.

The Republicans, the leading representative of far-right views, gained 6 per cent support in the latest Polit-barometer published by the ZDF television channel, compared with 5 per cent in February. At a general election, that would be enough to gain seats in the Bundestag.

As for the big political parties, the opposition Social Democrats have slipped back two points to 36 per cent, since their poor showing in local elections in the state of Hesse. They are now neck-and-neck with Chancellor Helmut Kohl's Christian Democrats, which means they could well be condemned to co-operate in a "grand coalition" if there were an election tomorrow.

Banks consider revealing fewer account details

By John Gapper, Banking Correspondent

BRITAIN'S main clearing banks banks may soon end the 150-year-old custom of disclosing information about customers' accounts without their permission.

Confidential proposals drawn up by the British Bankers' Association plan to end the practice by most banks of automatically providing personal credit references when they receive a "status inquiry" from another bank acting on behalf of a third party.

The custom has been criticised for potentially allowing private detectives and companies to mount "fishing expeditions" about individuals' accounts.

The association is proposing a new system under which banks would stop disclosing information to each other. They would instead respond directly to inquiries from individuals or companies about a customer, but only with the customer's written consent.

The new arrangement could be launched later this year, if approved by banks on the association governing council. It may lead to an amendment to the banking code of practice, which currently says banks will give details of their status inquiry policy only on request.

It is common for landlords to make status inquiries about potential tenants to ensure that they can pay rent. Status inquiries are also believed to have been used by private detectives to establish individuals' creditworthiness in cases such as divorce settlements.

Although banks traditionally reply to inquiries in coded language, it has been thought possible to obtain account details by making a series of inquiries about whether an individual can afford various levels of payment.

Barclays and National Westminster are among banks which currently give coded replies to other banks that inquire about their customers' creditworthiness. They do not disclose precise details of accounts, and do not charge the bank making the inquiry.

Republican group admits to bombing

THE Irish Republican Army yesterday admitted that it planted the bombs that killed a child in an English town at the weekend.

In a statement issued in Dublin, it said "republicans will profoundly regret" the "tragic consequences" of Saturday's blasts in a busy shopping area of Warrington, north west England.

Four-year-old Jonathan Ball was killed and 50 people were injured. Five were still in a serious condition in hospital yesterday.

Police said a deliberately misleading telephone warning was given of two bombs one minute apart in the city centre.

Bombings in the IRA campaign against British rule in Northern Ireland are commonplace but children are rarely hit. Jonathan Ball was said to be the youngest victim of the 20-year-old IRA campaign on the British mainland.

Police said the bombs, about 500 grams of Semtex plastic explosive, were placed in litter bins.

Security sources said the bombing might have been a revenge attack for the IRA to show its strength after a series of successes by police and intelligence services combating its campaign.

Exchange picks up the pieces after IRA blast

Shipping headquarters is re-opening in a depleted form, writes Richard Lapper

Stonemason Paul Rowland checks a bust of Brittania damaged in last year's Baltic Exchange explosion

TRADING is due to resume early next month at a scaled-down Baltic Exchange, the headquarters of London's shipping market wrecked almost a year ago by an IRA bomb.

The exchange, one of the City's best known landmarks, is reopening in a depleted form. Managers have been forced to cut the back-up operations it provides, reducing staffing levels by two thirds. A complete restoration of the building could take three years.

Mr Jim Buckley, the Baltic's chief executive, took seven months to negotiate a £27.6m insurance settlement. Although there is enough money to cover repair work, Mr Buckley says his insurance was insufficient to cover the entire cost of the disruption.

"It has been a nightmare," he says.

The nightmare started last April when the Baltic Exchange's facade took the full force of the IRA bomb blast. Pieces of Swedish granite and Portland stone crashed through the building; marble-clad columns collapsed; and nine glass domes were shattered along with several bronze chandeliers and stained glass windows.

Ironically, business was barely affected by the disaster. Brokers who buy and sell ship space for cargoes ranging from oil to phosphate improvised in the first few days after the explosion and soon rented premises at Lloyd's of London.

The impact, however, on the exchange, its 150 staff and the small businesses around it has been far more severe. Because many of the offices surrounding the trading floor were destroyed, the exchange's annual income was halved by the loss of £2½m in rent.

Mr Buckley has set aside £7¼m of the £27.6m settlement to meet that loss over the next three years. A further £1m covered the cost of a year's rental income at Lloyd's, while refurbishment has cost a £3m.

That leaves just £15m to restore the building itself, but there will be insufficient cash to rebuild the 110,000 sq ft of office space.

Rail project likely to be reactivated

By Alison Smith and Richard Tomkins

LEGISLATION authorising construction of the £2bn CrossRail link, the biggest public transport project planned for central London, is likely to be reactivated after Easter as the government seeks to counter accusations that it is trying to shelve the scheme.

Last week the chancellor of the exchequer announced in his budget speech that the project would be re-examined as a candidate for private sector finance as part of the government's attempt to get more private funding into transport. This gave rise to fears of long delays to the scheme because it had previously been agreed that it would be funded wholly by the public sector.

However, it now emerges that the CrossRail bill could be re-activated in May.

The underground railway link between Paddington station on the western side of the capital and Liverpool Street on the eastern side would enable thousands of British Rail commuters to travel beyond the two terminuses to the West End and the City without changing to London Underground's overcrowded trains.

Department of Transport officials yesterday said the government was commited to the project and said the £200m allocated to preliminary work on the scheme over the next three years remained in place.

Background, Page 10

Britain in brief

Uncertainty remains over coal policy

A weekend of crucial talks in the coal and electricity industries ended with uncertainty remaining over whether the government could publish its policy document on the future of the coal industry before the Easter recess in Parliament.

Executives at British Coal and the electricity companies said considerable progress had been made in the talks on contracts which will replace those ending this month. Most of the outstanding differences were resolved. The heads of several electricity companies, however, said they were still unwilling to sign deals to buy coal until the government published its policy. The government wants the deals signed before the policy document.

Number of pay freezes double

The number of pay freezes in British industry has doubled over the past year and pay cuts, although still rare, are becoming more common in vulnerable sectors like construction and engineering, according to a report from pay analysts Industrial Relations Services.

The vast majority of employees continue to get rises which more than match inflation but IRS finds that one in 20 settlements have frozen pay for at least 12 months, including organisations such as Alfred McAlpine, Marconi Defence in Portsmouth, Anglia Television, and Thomson Directories.

ICI cuts emissions

Imperial Chemical Industries, the UK's biggest manufacturer, reduced its worldwide emissions to land, sea and air by 9 per cent from 5.68bn tonnes in 1991 to 5.167bn tonnes last year, according to the company's environmental report.

New audit review urged

Company boards should establish audit committees composed exclusively of non-executive directors, according to guidelines published today by Pro-Ned, the Bank of England-backed organisation which promotes non-executive directors.

Pro-Ned said board-level audit committees should be responsible for ensuring that company's financial and accounting systems provide accurate and up-to-date information, that the financial statements give a true and fair picture of its position and that the external audit is conducted in a thorough manner.

School syllabus under attack

The technology syllabus used in English schools is much less effective in preparing pupils for industry's needs than equivalent courses in other European countries, a report published today by the National Institute of Economic and Social Research says.

Schools in Germany, Switzerland and Holland use practical subjects such as woodwork, technical drawing and domestic science to instil basic work skills.

In England teaching of these subjects has been replaced with the technology syllabus of the national curriculum. The report says this syllabus places strong emphasis on creativity and imagination at the expense of basic skills.

Securities body sets deadline

The City of London's newest professional body, the Securities Institute, is urging potential members to beat a March 31 deadline and escape a nine-hour examination ordeal.

Membership will be much easier while the "window of opportunity" remains open. Until Wednesday former members of the Stock Exchange will be transferred automatically. After March 31 new full-members will be accepted only on passing diploma examinations. To be held twice a year, these will involve three sessions, each of three hours. The institute aims to be the main professional body for the securities industry.

MANAGEMENT

Tony Jackson talks to Sir Owen Green, the outgoing head of BTR

A dogged all-rounder

If the secret of management is timing, Sir Owen Green has it to perfection. Ten days ago he announced his retirement from BTR, the company he founded. He also announced that BTR's profits had passed £1bn for the first time. The share price rose to new heights, valuing BTR at £12bn. This made it Britain's seventh biggest company, handsomely ahead of Guinness, ICI and J. Sainsbury and a nose ahead of its rival conglomerate Hanson.

But BTR is in another sense deeply out of fashion. As a conglomerate, it lacks focus. On the day of Sir Owen's announcement came the news that Glaxo's chief executive had been ousted, largely because he believed – unlike his chairman – that the company's focus should be broader. A few weeks earlier, ICI's chairman had said he was finally persuaded the conglomerate concept was finished and focus was everything. ICI would therefore split itself in two.

Unsurprisingly, Sir Owen has no truck with any of this. "If you're trained in the techniques of management, you ought to be able to apply them across an unlimited area of activity. There have been disasters when organisations have outgrown their strengths and talents. But that's because their reach was further than their grasp. It's another thing to preach that being diversified is a weakness."

Then again, ICI's decision was based on more than size. The company had come to realise that the technical complexity of its operations meant no individual understood them all. No-one was properly equipped to choose between investment proposals ranging from seed breeding to chlorine manufacture.

"I suggest that's because they must specialise to too high a point in their organisation", Sir Owen says. "There ought to be a level at which special knowledge can be translated into more general terms. If it can't, I don't know what a board of directors is for. I'd reject the view that a business could ever be so technically specialised that an informed decision could not be made by a trained management."

The key to BTR, says Sir Owen, is not focus but contiguity: moving into areas next door. "To start with, we looked for contiguity in manufacturing processes, particularly in rubber. But a common feature of the market was the automobile industry, so we started making acquisitions related not to rubber but to autos. So we got into contiguity of markets."

Underlying that was an absolute commitment to growth, whether organic or by acquisition. In the ecologically conscious world of the late 1990s, this might seem unfashionable as well.

Sir Owen is unrepentant.

"The human condition seeks to better itself, whether materially or intellectually. And the most exciting period of life is one's teens. During those years, tremendous things are happening physiologically. If you can somehow capture that excitement and freshness in an organisation, you've got something. That's what I mean by growth. It isn't acquisitiveness, or size, or being in the top 10 in the beauty parade. It's the vivacity it gives to life in the company."

But must not a company eventually age, like the human organism? "The fact is we have continued to grow. In percentage terms it's been declining, but it's still there. There must come a time when you can't acquire and you become unmanageable, but I don't know when. I don't think it would come through internal limitations. Internally, our system of management – decentralisation held together by financial control – is capable of any amount of expansion".

There is another heresy behind this. Governments in the developed world, from Tokyo to Brussels, agonise over the growth industries of the future, such as information technology and biotechnology. Sir Owen is happy to be in none of them. "We're hewers of wood and drawers of water. It isn't the nature of any of our businesses to take a very long view technologically. I can't see anywhere where pure research funded by us would benefit either us or society."

Surely this risks being left behind in a changing world? Not if you pick your areas, says Sir Owen. "In 10 years' time, an automobile will still have wheels and suspension. In packaging, the concept of wrapping things up will still be there, whether you're talking about paper or boxes or cartons or bottles. Or take the creation of electrical energy. It's been going for 150 years, and it's probably good for another 150. Or take valves. As long as you're going to conduct fluids, you're going to need valves. You get steady improvements in ways of shutting things off and turning them on, but nothing particularly revolutionary."

Pursuing his view of the world in 10 years' time, where does he think the UK will stand as a manufacturing base? "If Europe maintains a commonality of markets, I think the UK could be more important as a manufacturing centre than it is today. That's provided we don't tie ourselves to a fixed monetary system, or commit ourselves to the Social Chapter.

"If I compare the productivity of our German operations with our British ones, I don't detect the advantage Germany's said to have. When you come to actual cost, clearly the UK has the advantage. And we still have the skills. I see no reason for us to try to force through a greater concentration on engineering, though it would be nice if we could re-establish the regard for technologists we had in the 19th century."

There is a final, classic question to ask an eminent industrialist on his retirement. What advice would he give to an aspiring young UK manufacturer today?

"You have to have a product. What you should then do, more than has been done in a good many years, is get around the world. My impression is that the large economies are more willing to buy from any source than they used to be. In the US, for example, there are tremendous opportunities for anyone who has a product. For the UK manufacturer, the important thing is that the world is your oyster. Your total capacity is tiny in relation to the available market."

And could he suggest a product? "No, I couldn't. Wisdom and sagacity are things you only get with age, so their application has drawbacks. You're bound to be constrained by your own experience of setbacks. You'd fail to recognise the vital, energising stream of possibilities that young people can see. Wisdom and sagacity would rule out half of them."

Tighter rein on the treasury

Even blue-chip companies have suffered, says Lucy Kellaway

A group of employees dabbles on the foreign exchange futures market, betting on a rise in the dollar. The dollar then falls and they cover their tracks. Four years later they are discovered sitting on an unrealised loss of $1bn (£700m).

The story sounds improbable. Yet it can happen to the most blue-chip of companies, as Shell found out when its Japanese associate, Showa Shell, disclosed such a loss last month.

It is not just unauthorised dealings that can land companies in trouble. George Wimpey, the housebuilder, last week announced a £25m provision against the cost of unwinding interest rate futures contracts. About five years ago, the builder had bet on interest rates remaining high; the subsequent fall in rates has made it cancel its bet – at a heavy cost.

The scale of potential damage a treasury department can inflict on the profit line has made top management take notice. Big shareholders are taking an increasing interest too. They are not just worried about the scope for losses when controls break down – as was the case at Showa Shell – but about losses when companies take a view and get it wrong.

The Association of Corporate Treasurers has recently published a booklet of awkward questions that investors and analysts can put to companies to understand their exposure.

Pressure from shareholders, coupled with the growing list of corporate horror stories, is encouraging companies to build a structure of controls around their treasury departments. "In the past, boards used to let the treasurer get on with it. They used to look at the treasury as a black box, yet now more companies are introducing policies and procedures," says Nick Ross, partner of accountant Touche Ross.

The first step is for the board to come out with a clear set of rules. "Companies must ask themselves what level of risk they are happy with," says Gerald Leahy, head of the Association of Corporate Treasurers. They should then issue a policy statement approved by the main board, making it clear to what extent the company hedges against movements in interest and exchange rates.

The statement should lay down the objectives of the treasury department and provide lists of dealing limits in each sort of instrument, saying who can deal and in what amount.

This sort of exercise seems to have focused the minds of companies and made them increasingly wary of taking any unnecessary risks.

"We never expose ourselves to unlimited risks, we always know what the downside is. If I want to do anything fancy, I need to get approval for it. But usually, I just stick to plain vanilla," says the treasurer of an *FT-SE* 100 company.

Only about 7 per cent of big companies run their treasury as a profit centre, and some companies are abolishing their central treasuries, passing the duties down the line to the operational level, where all exposures are mechanically covered as they arise.

The whizzy financial deals that companies happily engaged in during the 1980s are becoming less common. "We are saying to directors: 'If you don't understand it, say no'," says Leahy.

A policy statement alone is not going to ensure that things run smoothly in the treasury. It is almost impossible to prevent someone from doing an unauthorised deal, but companies can at least ensure that such trades are quickly spotted.

To this end, the person who does the trade should not be the same as the one who confirms it, nor the one that settles it. However, this rudimentary control is not followed by a large number of companies: according to Touche Ross, many of the top 250 UK companies do not separate their activities in this way.

Companies should then set up accounting systems to measure how well the treasury department is doing and keep senior management abreast of what is going on. They should also issue to someone outside the department a regular report of all transactions.

Once again, companies do not seem to be following best practice. According to Touche Ross, almost half do not revalue their positions regularly, which means that they may be sitting on losses or profits without being aware of it.

However, these sort of controls are not likely to work unless the culture of the company discourages taking unacceptable risks.

Tate & Lyle, the sugar company, has gone to some lengths to ensure that it is not in the interests of its 14-person treasury team to do anything untoward. Its incentives are structured so that there are no individual bonuses; and although the department as a whole may get a bonus, this is only loosely tied to its trading performance.

The company claims the virtue of intellectual honesty is drummed into its traders, all of whom are trained in-house. Furthermore, all employees are encouraged to confess immediately if they make a mistake.

Technology is also helping companies introduce better controls. At Tate & Lyle, all telephone calls to the banks are recorded – a system that a few years ago would have cost some £30,000, but now can be had for a sixth of the price.

Similarly, advances in computer technology are making it possible to revalue trading positions more frequently, so that the management of big companies will constantly be able to know where they stand at the touch of a button.

Naturally, the systems appropriate to a big trading company are not necessary in a little company with a treasury of one person, yet the principles are the same.

Controls are all very well, but there is a danger that companies can get fixated on the controls, rather than watch the intrinsic risks of what they are doing.

Says Leahy: "Auditors are putting more and more controls in, so that companies can kid themselves that with so many controls all is OK. But management have to think what sort of business they are in, and stick to their last."

Retailing projects in Scotland

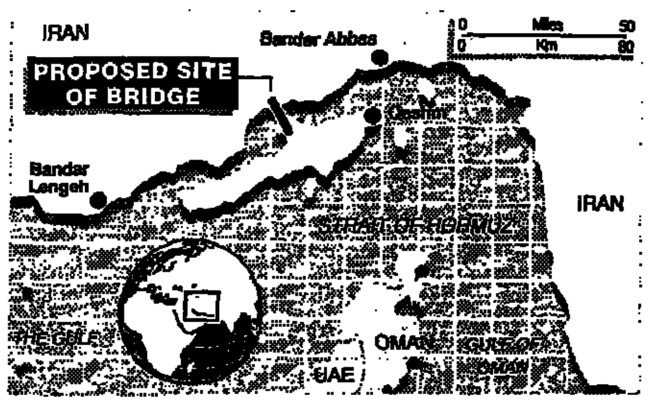
BOVIS CONSTRUCTION (SCOTLAND) has won three contracts together valued at £18m, from Marks & Spencer which is currently implementing a nationwide development programme in selected stores.

The company has been appointed to manage extension and refurbishment works to stores in Glasgow's Argyle Street and Aberdeen, plus the fitting out of a Marks & Spencer store at the Gyle Shopping Centre in Edinburgh.

The Aberdeen contract will run from April to October, during which time an additional 21,100 sq ft of sales area at second floor level will be established, creating a total sales space of 83,000 sq ft.

Bovis Construction (Scotland) is project manager at the Gyle Shopping Centre in Edinburgh where a store is under construction. Bovis has now been appointed to manage the fitting out of the 110,000 sq ft store which will include raised ceilings, customer comfort facilities and wide walkways.

Bridge development in Iran



SANTE TRADING, based in Cyprus, and ACER CONSULTANTS, engineering and management consultants, have been commissioned by Iran's Qeshm Free Authority to finance, develop, design and build the Gulf Bridge in Iran's Qeshm Island.

The Gulf Bridge will be a 2.5km road and rail bridge linking Iran's main land to the Qeshm Island. Sante will be acting as the financiers and developers for the project, which is estimated to cost US$100m (£69m). The Middle East Trading Co, based in the Isle of Man, has already been appointed as financial consultants and Sante is currently negotiating with Bank Saderat, Tehran, Iran, to also appoint them as joint financial consultants for this project.

Acer is the design and build project manager and full design consultant for the project. Four European contractors have been invited by Sante and Acer to take part in the project and interviews are currently being held. An Iranian contractor will also be appointed to work in joint venture with the selected European contractor.

Sante and Acer have already received the letter of intent for the project and the feasibility study is expected to begin in September.

It is estimated that the Gulf Bridge will take three years to complete from start to finish.

Iran intends to convert Qeshm Island, which is about three times the size of Singapore and almost the size of Cyprus, into the commercial and tourist heart of the Gulf.

Schemes for the island are already under way including; commercial buildings and housing developments; power generation and supply; and over 250,000 trees planted.

Maintaining motorways in Manchester

EDMUND NUTTALL has been awarded the Greater Manchester motorways term maintenance contract 4 by the Department of Transport. The £23m contract extends over a period of four years, beginning in mid-March with completion in April 1997. The works involve the maintenance of the live motorway network in the Greater Manchester area, comprising the M56, M61, M62, M63, M66, M67, M602, A627(M) and A5103.

A full range of maintenance activities will be provided for approximately 220 kilometres of highway in the area, including over 800 structures and 12,000 lighting units. Operating out of the Barton administration centre on the M63 and using four satellite depots on the network, Nuttall will undertake routine winter maintenance activities, traffic management, carriageway repairs as well as emergency response operations. In addition, sign and road lighting will be maintained, safety and boundary fences installed and repaired, gullies swept and emptied and structures maintained.

Headquarters

WIMPEY CONSTRUCTION has won a £10.5m contract to build the second phase of a new headquarters for the Cheltenham and Gloucester Building Society.

The development forms part of the society's programme to relocate its offices from Cheltenham to Barnwood.

The three-storey building will provide the society with an additional 10,500 sq metres of office accommodation adjacent to the original development. The complex will house 500 administration staff.

£12m road management programme

AMEY CONSTRUCTION, part of the Amey Group, has been awarded its second contract for the management and upkeep of motorways and trunk roads by the Department of Transport. The west London management contract, valued at £12m for three years, is for the upkeep, repair and maintenance of trunk roads and motorways, including the M4. Amey will also be responsible for emergency repair work, traffic management, de-icing and snow clearance.

The contract will be supervised by Frank Graham and Partners and will operate from depots in the west London area.

Social housing

FAIRCLOUGH HOMES is building 149 homes for the Metropolitan Housing Trust on the site of the former Neasden High School, north London.

The £10.4m development will provide a mix of fair rent and shared ownership properties and construction is already under way.

£35m orders awarded to Try Group

TRY CONSTRUCTION and TRY BUILD, members of the Try Group, have been awarded contracts totalling £35m.

More than 60 per cent of the group's workload has been secured by negotiation or has arisen as novations from the receivers of failed contractors. The recent acquisitions of AF Budge Building and CBM Construction in Yorkshire alone have given Try £20m of work.

Try Construction has secured contracts totalling £19m which include the negotiated fit out of offices for a major petrochemical company in Sunbury worth £3.82m.

Try Build has contracts worth £15.6m which include a £1.1m community centre at Slough for Berkshire County Council and an extension to Bishop Challenor School (£630,000) for the Diocese of Westminster Trustees.

BP clips senior executives' wings

Less flying and more decision-making seems to be the main purpose of the latest top management reshuffle at BP. Rodney Chase and Hugh Norton, BP's two regional managing directors who have been based overseas in Cleveland and Singapore, are being brought back to BP's group headquarters in London.

Rodney Chase, 49, who took over as chairman and chief executive of BP America a year ago, will remain chairman of BP America and retain group responsibility for the Western hemisphere. Hugh Norton, 56, who was sent out to Singapore less than two years ago as part of an upgrading of BP's presence in the Asia Pacific and Middle East regions, will retain his responsibilities for these areas. But he will be based in London from July and Chase will return from the US in the second half of the year.

David Simon, who took over as BP's chief executive after the ousting of Bob Horton in June, says that the moves "complete the co-location of BP's businesses and regional managing directors in one centre and will enable the executive team to extend and integrate its work programmes more closely."

Given that both men are supposed to put in appearances at the regular managing directors' meetings, it meant they spent a considerable amount of their time either flying to London or missing meetings.

Although BP portrays the latest upheavals as a routine reorganisation, it means that BP America will have had its third chief executive in less than two years. Chase replaced James Ross, who left to be chief executive of Cable & Wireless, and Chase is now being replaced as chief executive of BP America by Chuck Bowman, who has headed BP Australia for the last three years. Bowman takes up his new post at the beginning of 1994. He in turn will be replaced by fellow American Ron McGimpsey, currently chief financial officer and senior vice president of BP America.

Les Atkinson, general manager of BP Oil, succeeds Norton as regional director Asia Pacific, also becoming chief executive BP Oil, S E Asia.

■ Roger Payne has been appointed a UK regional md for RENTOKIL: Michael Holmes becomes regional md North America: Nigel Howse international marketing director healthcare services: Ken Bowman group management development director: and Charles Grimaldi becomes group corporate affairs director.

■ Geoffrey McMillan, formerly head of business development and planning at Hoffmann-La Roche's international pharmaceutical division, has been appointed commercial director of XENOVA GROUP.

■ Stephen Bradshaw, formerly operations director of Chef & Brewer, has been appointed md of KWIK-FIT GB.

■ Jack Beldon has been appointed chairman and general manager of GOODYEAR GREAT BRITAIN.

■ Susan Durst, formerly md sales & marketing, Western Europe for Pan American Airlines, has been appointed international marketing director of EUROPCAR Interrent International.

■ Philip Davies, the md of Ind Coope Retail, and Martin Grant, the md of Ansells, have both been appointed to the board of ALLIED-LYONS RETAILING.

Credit Lyonnais' Menard says 'Oui' to Barclays

Christian Menard, a 25 year veteran of Credit Lyonnais, is leaving in June to join Barclays Bank as head of the French operation. He replaces Jacques Rambosson, director of European corporate banking, who moved to London in December. Since then, Carlos Martinez de Campos, director of retail banking in Europe, has been temporarily filling the position.

During a peripatetic career at CL, Menard has lived in Portugal and Brazil, and had two stints in London. He spent four years as managing director of Credit Lyonnais Capital Markets and is credited with returning the UK securities operation to profit after several years of losses following the French bank's ill-timed acquisition of Alexanders Laing & Cruickshank in 1987. At the beginning of 1992, Menard, 51, returned to head office; he is currently "directeur central" in charge of the branch network. He was not prepared to comment on his move.

Barclays, which employs over 2,500 people in France as a whole, has recently been expanding its retail network. It has added twenty branches in the past few months in the Paris region, and plans to open another 20 before the end of the year, bringing the total to 90. The bank also caused a stir among the French banking community last autumn with an attempt to get around the ban on interest-bearing current accounts, and, despite further government prohibitions, it has already found 10,000 customers for a modified product.

■ Jacques Favillier, deputy chairman and general manager of Barclays Bank SA responsible for the global banking division in France, has been appointed to the new position of chief operating officer for BZW in France and deputy chairman of BZW's French management committee.

■ Peter Hilder, formerly md of Marley Waterproofing, has been appointed md of NILFISK UK.

■ Bruce Hewett, formerly group director of corporate affairs at Southern Water, has been appointed director of technical affairs at SOUTH WEST WATER.

Scotia's new chairman?

Sir James McKinnon, who steps down as director general of the Office of Gas Supply in September, could soon be leading a small but glamorous pharmaceutical company on to the stock market.

He has been made deputy chairman of Scotia Holdings, the research-based drug company, which expects to float its shares within the next year or so. Sir James, 63, was also made deputy chairman of financial services and media group MAI last week.

MAI, like Scotia, is headed by Sir Ian Morrow. The two men know each other from their days when they were presidents of the Institute of Chartered Accountants in Scotland. Given that Sir Ian is now over 80, it is thought he will hand over the chairmanship of MAI and Scotia to Sir James.

Although Scotia only had a turnover of £16m in the year to last June it has spent over £33m on pharmaceutical research and development since it was founded by its chief executive Dr David Horrobin. In order to continue its heavy spending in this area, the company is keen to get its shares fully listed on the stock market.

Apart from recruiting Sir James McKinnon, there are a number of other well-known names on Scotia's board of directors including James McAdam, chairman of Ratners, and William Glynn-William, deputy managing director of Glaxo Pharmaceuticals UK.

To pave the way for its stock market float, Scotia has hired Kleinwort Benson as its merchant bank and Hoare Govett as broker. The company is owned by a couple of venture capital funds, Dr Horrobin's family and about 200 shareholders. The shares are traded in a small way under rule 535. On the basis of the last price of £7.80, the company is valued at around £180m.

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Gothic preserved

Colin Amery states the case for sympathetic building and restoration

It often seems to me that architecture is sometimes taken much too seriously. Sides are taken and battle lines are drawn in a fashion that often looks ridiculous to anyone outside the profession. Do you really care whether or not a design is modern, post-modern, gothic or classical? What matters is whether or not the design is good. One of the subjects that currently arouses ire and passion in equal doses in the breasts of architects is the future of the damaged wing of Windsor Castle.

That esteemed organ, *Country Life*, which now seems to be all set under its new editorial team to become the journal of imagination when it comes to architectural and environmental issues, has just launched an important international competition for designs for the rebuilding of the fire-damaged areas of Windsor Castle. The reason for mentioning this in this column is principally because it is open to *anyone* – artists, interior designers, "and anyone else who feels qualified to comment". This sounds a brilliant idea because there are many of us who have maintained for a long time that architects do not necessarily have the monopoly of architectural ideas.

The other reason why the Windsor competition could be very important (although impossible to judge) is that it may concentrate minds on the debate about the appropriate way to treat historic buildings. The only problem with this competition is the nature of the jury. For some reason, presumably to excite international interest, *Country Life* seems to have lost its traditional nerve and gone for trendy names on its jury – as well as some dead-beat modernists who are known to be deeply prejudiced against history itself. But far be it from a mere architecture critic to put anyone off entering a competition because of the composition of the jury. After all, this competition does deal with a fascinating and important architectural problem. The key thing to remember is that it is open to *anyone*.

The competition brief is available from *Country Life* Windsor Castle Competition, Winkfield, Windsor, Berkshire, SL4 2EH. Telephone : 0344 890080. There is an entry fee of £10 and a very modest prize of £1000. The closing date is June 10.

The Architecture Foundation is another ginger group that is keen to get on the Windsor Castle bandwagon. It has commissioned several practising architects, mainly but not entirely of a modernist persuasion, to come up with a new design for the interior of the damaged St. George's Hall. These will be exhibited shortly at the Architecture Foundation and published in a forthcoming book about Windsor Castle by Dr Mark Girouard.

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When it comes to architectural tradition there always has been a comparatively unsung group of architects and craftsmen in England quietly working away building and designing things that are usually ignored by the architectural press. What these unsung heroes generally achieve is very happy clients and plenty of work. They are free of the vagaries of fashion and mercifully outside the intense and often meaningless international debate. One of these architects is Roderick Gradidge, who has recently completed an ingenious scheme for St. Edmund's College, Cambridge.

The college is situated on Mount Pleasant – the part of Cambridge that marks the commencement of the line of new colleges that proceed to the west of the city. It was founded as St. Edmund's House by the 15th Duke of Norfolk in 1896 as a residence for Roman Catholic clergy studying for degrees. Since 1965 the college has been an approved graduate college and now has some 150 students from 30 countries. The early gabled red brick, turn of the century buildings are without any particular distinction and to unify and extend them was a not inconsiderable challenge for the architect. For a long time Gradidge has taken a pioneering interest in the history of Edwardian architecture – his work at the National Portrait Gallery in London and his more recent restoration of the Guildhall at Northampton shows a knowledgeable enthusiasm for Edwardian and Gothic interiors.

At Cambridge Gradidge had little opportunity to provide decorative interiors. Instead he has designed a striking brick tower some six storeys high to mark the entrance to the college. At the top of this tower is the Okinaga Room, named after the benefactor (Dr S. Okinaga the President of Teikyo University, Japan). This is the highest room in Cambridge and has remarkable views over the whole city. The style of the tower has been described by the architect as "streamlined Tudor". It is built of buff brick with a slate roof and has some well carved heraldry in the brickwork (by Richard Kindersley). The tower has succeeded in centering the plan of the college, giving it a prominent entrance and literally raising its profile in Cambridge. Gradidge worked throughout the scheme with the Charter Partnership.

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Shades of Tudor and Gothic revivals are clearly in the air with attention focused on the fate of the unrepaired Albert Memorial in London's Kensington Gardens, which is now a neglected victim of government parsimony. There is an argument for putting Albert into a glass case but a public appeal for funds looks more likely. That will be a real test of the national enthusiasm for the Gothic – and the recent news that passengers from the Channel Tunnel trains are now going to arrive at St. Pancras gives Railway Gothic a sudden international dimension.

I would like to see architect Michael Hopkins put in charge of the replanning of the station, as he has the rare skill of understanding and adding to the past without any hint of nostalgia or pastiche. He would also provide ample evidence to our visitors from Europe that although we love the Gothic we are not totally smothered by Gothic gloom. Next year's exhibition at the Victoria and Albert Museum devoted to the life and work of Pugin will show once and for all how Gothic architecture and design can marry structural ingenuity with colour and decoration in a way that many contemporary architects still find difficult to contemplate, let alone achieve.

Roderick Gradidge's striking brick tower for St Edmund's College, Cambridge

D'Oyly Carte/Arthur Jacobs

Orpheus in the Underworld

THE D'Oyly Carte Opera Company's cross-Channel leap from Gilbert and Sullivan to Offenbach has been sympathetically awaited. *Orpheus in the Underworld* is announced as a first step in a broadening of the company's repertory of light opera. It comes as a co-production with Opera North, sharing the same designer (Tim Hatley) and director (Martin Duncan) but with D'Oyly Carte's own musical director, the capable John Owen Edwards, and with a cast largely overlapping with that of the companion-piece for the current national tour, *The Pirates of Penzance*.

To complain of timidity in the choice, on the ground that *Orpheus in the Underworld* is the most familiar of the dozens of works in Offenbach's output, is probably to miss the point. The ceaseless musical fizz of this score plus the ready opportunity for guying the gods of Olympus mean that the piece can hardly fail. The same assurance can be given with the D'Oyly Carte version, even though it is really *Orpheus in the Recession*. It is not merely miserly of scenery and effects, with tatty, ill-fitting costumes; its poverty is also the poverty of imagination. The staging manages to be both congested and over-symmetrical; elbow-jigging and bum-shaking are passed off as dancing.

David Fieldsend zombies through the role of Orpheus, his persistently faulty miming of the solo violin part hardly credible in a music-based company. His spoken lines are delivered in a nondescriptly northern accent (why do directors suppose, as Ken Russell did with the ENO's *Princess Ida*, that regional dialect is funny in itself, however unmotivated?). At Birmingham last Thursday, most of the characters seemed not so much to be playing their roles as playing at them – the outstanding exceptions being Barry Patterson, a tall, dashing devil of a Pluto; Gareth Jones, with just the right pathetic and comic touch as Pluto's servant, John Styx; and Jill Pert, whose self-righteous but nimble-footed incarnation as Public Opinion would have done honour to Patricia Routledge.

Moving down from Mount Olympus to Pluto's dominions, the second act showed some improvement. Mutual sparks began to fly between the pretty, sweet-voiced Eurydice of Mary Hegarty and the rather dry-toned Jupiter of Alan Watt. Here the smart new translation by Jeremy Sams was to be relished, though I maintain that Geoffrey Dunn's former translation was smarter still. Finally, of course, the *can-can* – or rather can't-can't. If the expectation of Parisian flavour would have been unreasonable, some comparable inventiveness was needed. But things just bumped along – a verdict which has to be applied to too much of this shortish evening.

Alexandra Theatre, Birmingham

Opera in Berlin/Andrew Clark

Fabbricini's Tosca

The soprano who brought *La traviata* back to Milan three years ago after a generation's gap was Tiziana Fabbricini, a petite Italian discovered and moulded by Riccardo Muti. Since that triumph, far from flying round the world on Muti's coat-tails, we have heard very little of her – unlike her Alfredo, Roberto Alagna, who made a much-approved Covent Garden debut last season. In the past two months, however, Fabbricini has finally begun to spread her wings, allowing audiences in Berlin and New York to hear her Violetta.

The Deutsche Staatsoper in east Berlin also engaged her to sing Tosca, which gave her the chance to prove she is more than a one-role singer. There must have been many like myself who questioned whether Puccini's doughty heroine was the right step forward. In the event, the doubts were swept aside. Fabbricini is the opposite of the Valkyrie breed of Tosca currently prevalent – fragile and feminine, young enough to be naive and impulsive, subtle in her body language instead of relying on Verona-size brush-strokes. She may miss the glamorous *hauteur* of the prima donna, but she has an authentic stage personality, dramatic and vulnerable. And the way she allows jealousy, romantic passion and anger to flare in quick succession underlines that Tosca is a woman with Latin blood coursing through her veins.

The more refined Italian instincts are to be found in her natural projection of words, grace notes and melodic line. She produces remarkable volume for such a small frame, but never volume for the sake of it. The voice itself is very much a matter of taste, which is why Fabbricini is unlikely to make a big recording career: you have to see her to appreciate her. The timbre is not conventionally beautiful. When not in full flood it has a brittle quality that can sound dangerously close to parlando. Yet even in such moments she communicates genuine emotion.

Her Cavaradossi was another up-and-coming singer who has yet to make an impact in London – the Latvian tenor Sergey Larin. As befits someone who has already sung Don Carlo at La Scala, he shows good vocal manners, bringing a handsome, even ring to the arias. He also looks presentable, despite some unimaginative acting. Sherrill Milnes, one of his increasingly rare visits to Europe, brought a sense of patrician menace to Scarpia, one of his best-known parts – though the vocal colour is beginning to fade.

With three such well-matched principals, *Tosca* recaptures some of the magnetism we all recall from our first encounter with it. The Staatsoper staging, first produced in German in 1976, provided a glimpse of pre-Barenboim days – simple and serviceable, with strong comprimario singing. The conductor, Eugene Kohn, was about two bars behind everyone else, but the Staatskapelle (on automatic pilot) played well.

London premieres of Saxton's Cello Concerto and Dillon's Introitus/Andrew Clements

Britten Festival begins and ends with innovation

The London Symphony Orchestra's Britten Festival began four weeks ago with a new work commissioned from Colin Matthews; its final orchestral concert, conducted by Oliver Knussen at the Barbican on Thursday, included a second premiere, from Robert Saxton.

Saxton's new Cello Concerto was written expressly for Mstislav Rostropovich, and its proportions are imposing; it plays continuously for more than 30 minutes and it sets the solo cello against an orchestra that includes triple brass and a hefty battery of percussion.

The music moves out from a lengthy orchestral introduction, a "structural upbeat" in Saxton's terms, through carefully delineated sections which include a reflective slow movement and a dance-like scherzo back to the quiet ruminations with which it opened.

The progression from darkness to clarity and back again is typical of Saxton; he refers to the concerto as being "programmatic" in an abstract way, and certainly the very ending has almost a theatrical tension, as the cello line is left hanging with only a bass pedal to support it.

Otherwise, though, the concerto is dogged rather than dramatic and it is difficult not to feel that Saxton has missed a precious opportunity.

There are few more committed musical advocates than Rostropovich, whatever the cause, yet Saxton set him a thankless task: too much of the concerto condemns the soloist to busy figuration, as the thematic material is put routinely through its paces.

The ideas are never vivid enough, nor the interplay between the cello and the orchestra sufficiently striking; what could have a luminous, intense work, given the auspicious circumstances, turned out to be a grey, undistinguished one.

James Dillon's *Introitus*, introduced to Britain at St Giles, Cripplegate on Friday by Music Projects/London under Richard Bernas, scarcely set the pulse racing any faster. It is the latest instalment of the *Nine Rivers* cycle which has preoccupied Dillon since 1982, and by a long way the most ambitious to date.

Planned as the eighth segment in the finished sequence (with the third, fifth and ninth still to be completed), *Introitus* was first performed at IRCAM in Paris three years ago: an ensemble of 12 strings is embedded in a web of computer-generated taped sound and electronic transformations which envelops both listeners and performers, creating what Dillon hopes is "a tidal delirium opened up by the employment of computer technology".

The programme note painstakingly details the sources of the tape (from the string instruments themselves to the sound of cicadas and the periodicity of pulsars) and the digital techniques that were applied to them.

For the most part, however, the sound is homogenised into a continuum through which the instrumental sounds, live and treated, only emerge vaguely.

The total effect is generally far too amorphous; the telling moments towards the end of the 30-minute piece, appearing almost anecdotal in this context, arrive too late to lift what comes across as a forbidding and unrewarding experience.

David Murray on an impressive performance by the young Russian pianist and Grand Prizewinner of the Santander competition

Eldar Nebolsin's encores redeem a lost hour

All unawares, I reached the Wigmore Hall on Friday evening just in time for the interval; my newly repaired watch had somehow mislaid an hour during the afternoon. It was frustrating to hear such excited reports of what young Nebolsin had been doing with Liszt's "Dante" Sonata, and with Beethoven's op. 31 no. 3. Fortunately, there was enough meat in the second half of his programme to stretch him again: the excited reports proved to be entirely in order, and I was sorrier still to have missed his "Dante".

Nebolsin was born in 1974, like the prodigious Siberian violinist Maxim Vengerov, and in a still more exotic corner of Russia Tashkent, where he pursued his studies until only a year and a half ago. He works now with the teacher Dimitri Bashkirov in Madrid, and last year he was Grand Prizewinner at the Santander competition. The continuing westward stream of precocious Russian artists, whose difficult times at home are driving them abroad, must be discouraging for their Western coevals.

How *do* those "provincial" Russian music-schools contrive at once to polish their budding solo performers to a dazzling virtuoso gloss, to instil in them a firm respect for period manners, and yet to leave their communicative energy and imagination untrammelled? European conservatoires hardly ever manage that: with *their* products, between lusty individual attack and revealing musicianship it's usually one or the other.

Still a somewhat gangly adolescent, Nebolsin springs at the piano like an instinctive performing animal. His technique is brilliantly articulated, with a bias toward the feral pounce and sharp clang of Horowitz's style. Everything he does is alight with feeling. Here, in Chopin's B minor Sonata, the Scherzo and Finale glittered to urgent purpose; the languorous, visionary byways of the opening movement weren't indulged (Nebolsin's range doesn't run so far yet), but given crisp up-tempo treatment as moments within the overall form.

All of it was bracing to hear, electric with conviction. In a couple of the Chopin Mazurkas, he captured just the second-beat-in-the-bar mazurka-lift that we missed last week in Marc Laforet's. (For want of it, as I wrote then, his came rather near to sounding like French *valses*.).

In Sofia Gubaidulina's 1962 *Chacon*, forming her first bold "serial" exercise, Nebolsin's address was forceful, lean and linear where two weeks ago Andreas Haefliger had conjured up warm, suggestive hazes from the residual hints of tonality.

For encores it was no surprise that the young Russian should choose extrovert, heart-on-sleeve Rakhmaninov; nor that he should deliver it with such resounding fervour. Some scatterings of wrong notes were forgivable and forgettable; with Nebolsin they amounted to mere flecks upon a palpably vital current.

Wigmore Hall, London; presented by the Isaac Albeniz ACT'e' Foundation, with sponsorship by Morgan Stanley

INTERNATIONAL ARTS GUIDE

■ BERLIN

OPERA/DANCE

Studio Babelsberg Daily from tomorrow till Sat: Impressions de Pelléas, Peter Brook's Debussy adaptation (Berliner Festspiele 254890)

Deutsche Oper Tomorrow: Gounod's Faust.
Thurs: Madama Butterfly with Helen Field.
Fri: Il trovatore.
Sat: Der fliegende Holländer with Luana DeVol and Oskar Hillebrandt.
Sun: Valery Panov's production of Prokofiev's ballet Cinderella.
March 31: Agnes Baltsa and Neil Shicoff head the cast in revival of Carmen (341 0249)

Staatsoper unter den Linden Tomorrow and Sat: Die Zauberflöte.
Wed and Thurs: Patrice Bart's production of Minkus' ballet Don Quixote.
Fri: Aida with Mara Zampieri and Giorgio Zancanaro.
Sun: Daniel Barenboim conducts Maurice Béjart's new ballet double bill.
April 2: first night of new production of I Capuleti e i Montecchi (200 4762)

CONCERTS

Schauspielhaus Tonight: Günter Wand conducts Berlin Radio Symphony Orchestra in symphonies by Schubert and Bruckner.
Tomorrow: Neue Camerata Berlin in works by Boulanger, Chabrier and Roussel.
Wed: members of orchestra of the Deutsche Oper play French 20th century chamber music.
Thurs, Fri, Sat: Jiri Kout conducts Berlin Symphony Orchestra in works by Mozart and Bruckner, with violin soloist Sergei Stadler.
Sat in **Kammermusiksaal**: Howard Shelley piano recital.
Sun and next Mon: Heinz Rögner conducts Berlin Radio Orchestra in Mahler's Seventh Symphony.
Next Mon in **Kammermusiksaal**: Kathleen Battle (2090 2156)

Philharmonie Tonight: Alois Koch conducts Choir of St Hedwig Cathedral in Frank Martin's Golgotha.
Tomorrow, Wed, Thurs: Pierre Boulez conducts Berlin Philharmonic Orchestra in works by Stravinsky, Webern, Debussy and Ravel.
Fri: Kurt Masur conducts New York Philharmonic Orchestra in works by Barber, Sheng and Dvorak.
Sun and next Mon: Hiroshi Wakasugi conducts Berlin Radio Symphony Orchestra in Messiaen's Turangalila Symphony.
(2548 8232)

THEATRE

Alfred Kirchner directs Peter Turrini's new play Alpenglühen at **Schlosspark Theater**, first night on Sun.
(793 1515).

Hans Recknagel is Tevye in **Metropol Theater's** new production of Fiddler on the Roof (Anatevka), opening on Fri (2036 4117).

Berliner Ensemble has a final week of Ralf Hochhuth's controversial new play Wessis in Weimar. (282 3160).

Schiller Theater's repertory includes Klaus Pohl's topical play about German xenophobia, Die schöne Fremde (312 8505).

Theater des Westens has Cole Porter's musical Anything Goes, daily except Mon.
(3190 3193)

■ PARIS

OPERA/DANCE

Opéra Bastille Tonight, Thurs, next Mon and Wed: Myung-Whun Chung conducts Denis Krief's new production of Benvenuto Cellini, with Chris Merritt and Diana Montague.
Tomorrow and Fri: Julius Rudel conducts Jorge Lavelli's production of Faust, with Francisco Araiza, Barseg Tumanian and Nelly Miricioiu.
Sat: Samuel Ramey song recital (4001 1616)

Palais Garnier Tomorrow, Fri, next Tues: Peter Schneider conducts final performances of Johannes Schaaf's production of Capriccio, with Felicity Lott, and also starring Ann Howells, Theo Adam and Wolfgang Schoene.
Thurs, Sat, Sun: Ecole du Ballet de l'Opera de Paris (4742 5371)

Opéra Comique Tomorrow, Wed, Thurs: Mireille, with Michele Command and Maryse Castets alternating in title role.
(4286 8883)

Châtelet Wed, Friday, and next Monday: Daniel Barenboim conducts revival of Patrice Chereau's production of Wozzeck, with Franz Grundheber and Waltraud Meier (4028 2840)

CONCERTS

Théâtre des Champs-Elysées Tonight: Kathleen Battle song recital.
Tomorrow: Philippe Herreweghe conducts Beethoven's Violin Concerto (Monica Huggett) and Fourth Symphony.
Wed: Augustin Dumay and Maria Joao Pires play violin sonatas.
Thurs: Michel Plasson conducts concert performance of Ravel's L'Heure Espagnole.
Fri: Valery Afanassiev plays Schubert piano sonatas.
Sun and next Mon: Kurt Masur conducts New York Philharmonic Orchestra (4720 3637)

Salle Pleyel Fri: Steuart Bedford conducts Orchestra and Chorus of Radio France in Britten's War Requiem, with Margaret Jane Wray, Ian Caley and Bryn Terfel.
(4563 0796)

Châtelet Thurs, Fri, Sat: Haydn and Bartok cycle with Tokyo String Quartet (4028 2840).

Sat at **Théâtre de la Ville**: Kyung-Wha Chung, accompanied by Stephen Kovacevich, plays Beethoven violin sonatas.
(4274 2277)

JAZZ/CABARET

Lionel Hampton Jazz Club Ann Peebles, voice of St Louis soul, daily till April 3, music from 22.30 (Hotel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042)

Châtelet International jazz piano week: Kenny Barron Trio tonight, Ahmad Jamal tomorrow, Manuel Rocheman Trio on Wed, Lou Levy Duo on Sun.
Performances begin at 21.00 at **Châtelet Auditorium** (4028 2840)

Bastille Studio March 26 and April 2 at 18.30: Patrice Caratini hosts the latest in the Bastille's Carte Blanche series, in which a jazz musician devises a programme with guest artists of his choice (4001 1616)

■ NEW YORK

THEATRE

● Putting It Together: a celebration of Stephen Sondheim's music, with Julie Andrews (Manhattan Theatre Club at City Center, 131 West 55th St, 581 1212)

● The Goodbye Girl: Bernadette Peters and Martin Short star in a new musical based on Neil Simon's 1977 film (Marquis, Broadway at 45th St, 307 4100)

● Oleanna: David Mamet's powerful drama that stirs up ideologues (Orpheum, 126 Second Ave at 8th St, 307 4100)

● The Sisters Rosensweig: Wendy Wasserstein's new play, a comedy with serious undertones, about the reunion of three American Jewish sisters in London (Ethel Barrymore, 243 West 47th St, 239 6200)

OPERA/DANCE

Metropolitan Opera Tonight and Fri: La traviata with Tiziana Fabbricini and Neil Rosenshein.
Tomorrow and Sat: Elijah Moshinsky's new production of Ariadne auf Naxos, with Jessye Norman, Susanne Mentzer and Thomas Moser.
Wed: James Levine conducts Das Rheingold with James Morris and Ekkehard Wlaschiha.
Thurs: Cav and Pag with Domingo.
Next Mon: Lucia di Lammermoor with Sumi Jo and Alfredo Kraus (362 6000)

State Theater Dance Theatre of Harlem, daily till Sun with repertory including Smuin's Songs of Mahler, Ailey's The River and a revival of Creole Giselle (870 5570)

Juilliard Opera Center Thurs, Fri, Sat, Sun: Britten's The Rape of Lucretia (769 7406)

CONCERTS

Carnegie Hall Tonight: Jesus Lopez-Cobos conducts Cincinatti Symphony Orchestra in works by Shostakovich, Bartok and Sibelius, with violin soloist Viktoria Mullova.
Tomorrow: Cincinatti Pops.
Fri: Brodsky Quartet.
Sat: Maurizio Pollini piano recital.
Sun: gala with comedian Bill Cosby (247 7800)

Avery Fisher Hall Sun afternoon: Brandenburg Ensemble plays works by Vivaldi, Mozart and Haydn.
Sun evening: Gidon Kremer, accompanied by Oleg Maisenberg, plays works by Dvorak, Bartok, Liszt and Irving Schulhoff (875 5030).
Sun at **Alice Tully Hall**: Renee Fleming song recital (875 5050)

JAZZ/CABARET

Blue Note Tomorrow and until Sun: Cleo Laine and John Dankworth.
Next week: Maynard Ferguson.
Showtimes are 21.00 and 23.30.
Dining (131 West 3rd St, 475 8592).

European Cable and Satellite Business TV

(All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Arts Guide
Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandanavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

Crosstown traffic

Richard Tomkins on financing a London rail link

At last, the chancellor has given the go-ahead for central London's biggest public transport project since the opening of the Victoria Line in 1968. From around the turn of the century, people travelling on suburban trains into British Rail's Paddington and Liverpool Street terminuses will no longer have to change to the Underground to reach the West End and the City: they will stay on their trains and be carried through to their destinations on CrossRail, a new rail link underneath the capital.

Or will they? More precisely, what the chancellor actually announced in his Budget speech was that the government was to seek ways of attracting private finance into the £2bn project, rather than building it with public sector money as originally planned.

On the face of it, the idea has some appeal. It is sometimes forgotten that virtually the whole of London's Underground railway, bar the Victoria Line and a few extensions, was created by the private sector. A substantial part of it was built by Charles Tyson Yerkes, a convicted embezzler from Chicago, who doubled the size of the network with three new lines between 1905 and 1907 and profited handsomely as a result.

The case for building CrossRail is that, like many other big cities, London suffers from having its railway terminuses on the outskirts of the central area. The result is that about 200,000 rail commuters a day have to switch from main line trains to the Underground to get to where they want to go, putting heavy strains on the system. The problem has worsened with the outward migration of London's population.

One solution is to join the railway lines on one side of the city with those on the opposite side, so allowing trains to run right through the centre. London has already done this in a small way with the Thameslink service, which uses limited capacity on an old cross-city route to take some suburban trains through the capital on a north-south axis.

The main obstacle to building new cross-city lines is their cost. Invariably, they have to go underground, and costs are further increased because the tunnels and subterranean stations have to be big enough to take main line trains.

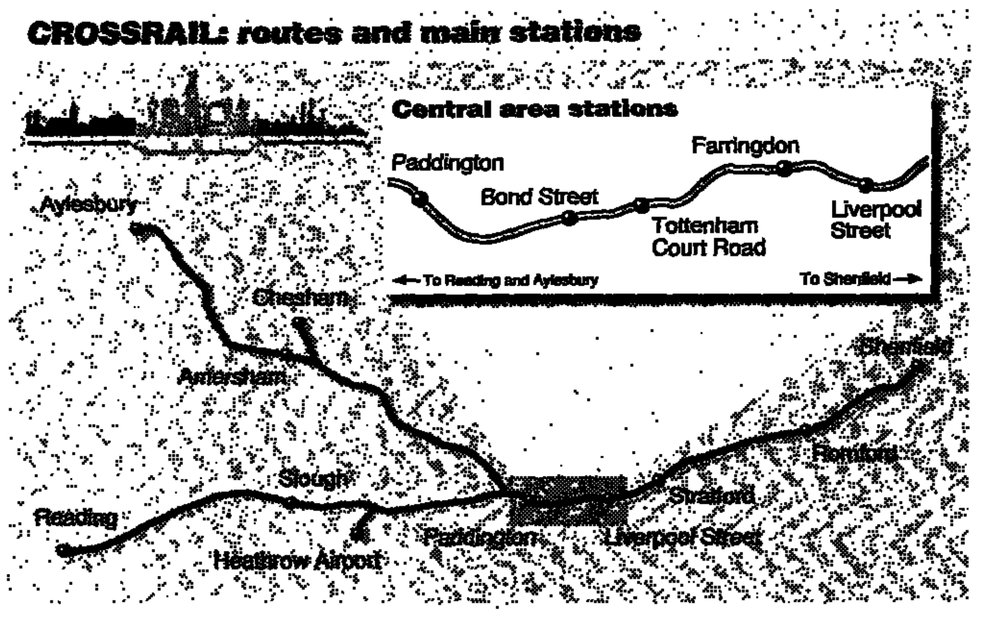
So how were Yerkes and his ilk able to build Underground railways at a profit? The answer is that labour was cheap in those days, and construction costs low. Costs were further minimised by digging lines just below surface level (as with the District and Metropolitan lines) or, in the case of the deep-level tubes, building very small-diameter tunnels (hence, today's cramped trains). Further, some companies made substantial property gains from the development of land adjacent to the surface sections of their lines. And, significantly, all were able to charge realistic fares because the absence of motor cars and buses gave them a monopoly on mechanised transport in the capital.

Things are different today. There are few opportunities for development gains in a tunnel, so the private sector would have to remunerate its investment in CrossRail almost entirely by charging train operators tolls for the use of the link.

The tolls, of course, would have to be recouped by charging passengers higher fares for going to destinations on the link than for stopping short of it. But if the price was much higher, passengers would simply disembark at Paddington or Liverpool Street as now and continue their journeys by Underground, bus or foot. So CrossRail could find it difficult to charge a toll high enough to cover its operating costs, still less make a dent in its financing and construction costs.

It hardly looks a project fit for another Yerkes. But then, perhaps nobody ever really thought it would be. The cynical view is that, whether or not the CrossRail bill is revived after Easter, the government is looking for an excuse to dump the project altogether. Paris, meanwhile, has already completed three cross-city lines, has a fourth under construction, and is planning a fifth.

CROSSRAIL: routes and main stations



Not on your life, say insurers

OFT disclosure plans threaten to revolutionise British insurance practices, says Norma Cohen

Mr Mick Newmarch, chief executive of Prudential, Britain's largest insurance company, loves to tell about the time he paid a sales call on a young woman policyholder. The woman, needing to look up the details of her policy, turned to the family bible. And there, on the flyleaf, was the policy number of every Prudential life insurance product ever owned by a member of her family.

But now, the traditional relationship between customers and insurers is coming under attack from Office of Fair Trading proposals for a new disclosure regime that threatens to revolutionise the way life products are sold.

Last week, the OFT said proposals by the Securities and Investments Board, the City's chief watchdog, had "significant anti-competitive effects" and did not give prospective customers enough information to help them make wise choices among products, companies or sales agents. The SIB rules were intended to replace the current regime under which shoppers learn almost nothing about how much they pay life insurance companies when they buy a policy.

Now, the Treasury will examine the OFT report and will order the SIB to draft another set of rules for the industry if it agrees with the conclusions.

The OFT proposals will, for the first time, allow Mr Newmarch's favourite customer to find out before she buys her next policy how much is being deducted from her premium payments to cover the Pru's costs. Also, she will learn how much the policy is worth if she surrenders before maturity and, if she bought the policy through an independent financial adviser, the cash amount of commission he will earn on the sale.

The question is: will the effect of the additional information be to discourage the purchase of insurance products generally? And, will it encourage investors to seek low-cost products – or low-cost sales outlets – now that shoppers will know roughly how much each product costs?

The Association of British Insurers, the industry trade association, thinks it knows the answer, but it does not like it. It intends to lobby against the proposals, saying they will add to the industry's costs and offer few benefits to consumers.

Mr Tony Baker, ABI director of public affairs, says: "It will serve to put people off from buying the product. It will have an unnecessary and unfair effect on life insurance sales."

That is the nub of the running battle between regulators and the life insurance industry since the Financial Services Act went into effect in 1987.

"The FSA was really a watershed," said Mr Charles Cannon, partner at consulting actuaries Mercer Fraser. "It came as a shock to the industry that life products were even deemed investments." Mr Cannon notes that for decades, the life insurance industry had won tax breaks and a favourable regulatory regime by arguing successfully to parliament that it fulfilled a social function; that of providing for families after the death of breadwinners. The companies argued that they collected small bits of money from many people and invested the sums in British industry.

So attractive were the tax breaks on insurance products and so loose the regulation that companies piled into the business; there are more than 120 insurance companies operating in Britain. "Lets face it," said the chief executive of one major company. "These companies just opened the door and the money poured in."

In recent years, the insurance business has become exposed as regulators – and the financial press – came to grips with the heart of the business.

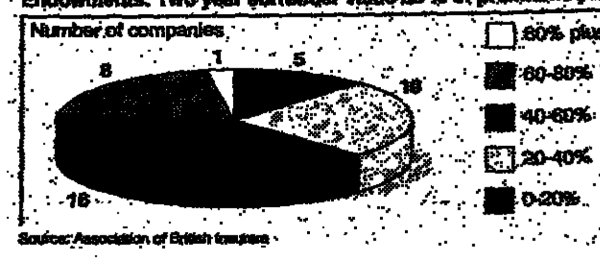
"It is fair to say that the more information which has become available about life insurance, the less attractive it looks," Mr Cannon said. Figures in the OFT's report, for instance, show that by the 20th year of a 25-year endowment policy, a consumer cancelling the policy will only earn 40 per cent of its final face value even though 80 per cent of the premiums have been paid.

A study last year by the SIB found that a quarter to a third of all life and pensions policies are cancelled within the first two years, a point at which most customers will receive only a small fraction of premiums paid as a refund.

New individual life and pensions business

	Year ending 31/12/92	Year ending 31/12/91	Change
Annual Premiums	£m	£m	%
Assurances and annuities	1,855	1,993	-7
Personal pensions	1,117	1,114	-
[illegible]	[illegible]	[illegible]	[illegible]
Single Premiums			
Assurances and annuities	8,186	6,395	28
Personal pensions	5,268	3,998	32
[illegible]	[illegible]	[illegible]	[illegible]

Endowments: Two year surrender value as % of premiums paid



Source: Association of British Insurers

Public pressure for regulators to tackle life insurance has become acute. "For one thing, the average consumer has become much more sophisticated about financial products," said Mr Tom Pyne, chief executive of London and Manchester Group. "Also, with so many companies in the business, pressure on sales has been acute."

The auction is efficient, with little opportunity for government interference

For its part, the ABI blames the financial press, which has focused attention on poor early surrender values and high commissions earned by sales agents – precisely the information which will become more readily available under the regime sought by the OFT.

Until now, the life insurance industry has convinced regulators that, unlike cars and refrigerators, insurance is so complicated it is impossible to tell shoppers exactly how much they will have to pay for it.

This lack of transparency in price has allowed insurance companies to pass on their rising costs to consumers with no discernible effect on sales. And rise they have, according to observers.

Mr Marshall Field, formerly a partner at actuaries Bacon and Woodrow, who prepared a report on sales commissions for Lautro, the self-regulatory body for the life insurance industry, points out that there is no lack of competition in the industry. However, competition has been for sales outlets, not for consumers. By outbidding each other for sales agents, life companies found they could increase volumes substantially.

"The industry was not competitive in the true sense until relatively recently," said Mr Geoffrey Westall, manager of the European life practice at consulting actuaries Tillinghast and Co.

More competition under the OFT plan will bring about a restructuring of the industry and threaten life insurers in several ways. First, prospective customers will for the first time be able to compare the charges deducted from their premium payments. "It will expose the charging structure of with-profits policies," said Mr Pyne, explaining that such disclosures would inhibit the size of commissions that life insurance companies would be able to offer sales agents. Sales commission is the single biggest ingredient in the cost of a policy and very few consumers realise they are paying it.

Second, and perhaps even more significant, is the OFT proposal that banks and building societies, which are the "tied agents" of life insurers – they sell the products of one company exclusively – can charge less for the same product than other sales agents.

Mr Mike Wadsworth, partner at consulting actuaries R Watson said the new rule was certain to sharpen the competitive edge of so-called bancassurance. This is assurance sold by banks and building societies through their own branches to existing customers.

Mr Wadsworth argues that, in any case, life insurers would have had to come to grips with their distribution costs no matter what happened on the regulatory front. Competition from banks and European players eager to exploit the UK market pressage a shake-out in any event. "But regulation has been the sand in the oyster. Without it, the changes would not have happened so fast or been so far reaching," he said. Already, bancassurance is a far cheaper method of selling policies than the cold-calling approach of traditional sales agents, he added. The average agent sells a single policy per week, the average bank-based sales agent sells four.

While bancassurance is currently only 12 per cent of the UK market, Mr Wadsworth estimates it will be 30 to 50 per cent by the end of the decade. Thus the OFT, whose goal is fostering competition and protecting consumers, may be the unwitting instrument of a life insurance revolution.

Banks and building societies will challenge the role of traditional insurance companies, the long-term endowment policy will become a relic and companies will be forced to cap sales agents' commissions. In the likely industry shake-out which follows, the survivors will be those who move most quickly to fit the new model.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

A lesson too frequently ignored

From Mr Jonathan Virden.

Sir, Richard Tomkins ("Fast track to efficiency", March 17) illustrates a general rule for capital projects which is often ignored. This is that it is necessary to spend about 10 per cent of the total cost of a project before the main work is done to avoid having to spend an extra 50 per cent or more to make it work, outside budget and very late.

The difficulty is that 10 per cent of the cost of a big project seems like an enormous sum to spend without visible result, and is usually cut out of the plan, especially by those who only have to pay for the project.

With hindsight, and ignoring the effects of long-term inflation, the Docklands Light Railway project would have spent £8m to determine that the original project for £77m would never work. Whereas £30m would have given a good chance of making an excellent system for £300m, thus saving half of the final cost.

The lesson is that what is certain or uncertain in one culture (engineering) cannot be easily transmitted to another (finance). But the same mistakes will be made again, or will public bodies learn?

Jonathan Virden,
Court Lodge,
Yalding,
Maidstone,
Kent ME18 6HX

Omissions regarding Telegraph purchase of Southam stake

From Mr Conrad Black.

Sir, Several important facts were missing from your article on March 20 ("Purchase of Southam by The Telegraph delayed"), about the deferral of the Telegraph plc extraordinary general meeting to consider the purchase from its parent, Hollinger (which is not a private company as you reported), of half that company's interest in Southam, Canada's leading publisher.

The deferral of the meeting (likely by less than a week), will enable The Telegraph to present a supplementary circular describing the changed circumstances created by the sale of Southam treasury shares to Power Corporation of Canada. Hollinger believes this development to be wholly positive. Indeed, it could not have occurred without Hollinger's strong support.

Power Corporation will average down its cost of Southam shares drastically with this purchase. The Telegraph and Hollinger will be free to average down also, if the Southam share price does not rise too swiftly. Southam stock is now above its price on the date of Hollinger's purchase of the shares, half of which are being offered to The Telegraph, a price about 50 per cent below where the company's shares were trading in mid-1990, and Power Corporation is paying a higher price per share than a generally distributed sale from treasury would yield.

Most important, your article inexplicably omitted all mention of the agreement between Hollinger and Power Corporation, whose benefits The Telegraph will share, which largely vacates the so-called "poison pill" arrangements which could have curtailed Hollinger's and The Telegraph's ability to be a constructive influence at Southam. No such modifications would have been accepted by Southam without the Power Corporation investment.

Now, Hollinger and Power, long-standing corporate friends and on occasion allies, will be able effectively to assist Southam management in accelerating the profit turnaround that seems already to have begun. The agreement assures an absolute equality between Power and Hollinger and its affiliates despite any fluctuations in shareholdings. Power's investment greatly strengthens Southam at no cost to Hollinger or The Telegraph.

I know of no precedent (and I doubt whether Lex does either) for one newspaper company to be offered so strategic a shareholding in another great newspaper company with the right to sell back its shares at its cost for a year. The only downside to The Telegraph is the interest for the year on the money required to buy the shares: less than 3 per cent, net of taxes and dividends. The upside could be astronomical and the addition to The Telegraph's earnings, through equity accounting, should add appreciably to The Telegraph's share price.

This is a classic corporate recovery, identified by the same source, Hollinger, which discovered and made good on the Telegraph and Fairfax opportunities and which brought The Telegraph the one-year unrealised £65m capital gain at Fairfax and the six-month £6m gain on Trinity International shares.

It is presented to The Telegraph as another outstanding opportunity and I am confident it will be approved and will be a worthy sequel to those earlier successes. Given our expectations of being able gradually to raise our participation in Fairfax and Southam, the proposed investment will also create under The Telegraph the finest confederation, commercially and editorially, of quality newspaper titles ever assembled in one corporate affiliation.

The Telegraph's independent directors and minority shareholders will short-change themselves if they do not subscribe to this almost-risk free opportunity. In that unlikely event, Hollinger will be mystified but consolable to take the entire benefit for itself.

Conrad Black,
chairman,
Hollinger and The Telegraph

EC integration has not led to a more protectionist stance

From Mr André Sapir.

Sir, the EC is the world's largest importer and exporter of merchandise, even excluding trade among member states. It is therefore befitting that its commercial policy be subject to close scrutiny. I feel that the recent study by Prof Winters, as reported by David Marsh ("Single Market Watch: Europe turns inward", February 22), does not scrutinise adequately.

The study argues that the economic effect of EC integration has been far less positive than often argued, for two reasons. First, the EC has become increasingly protectionist. Second, the process of EC integration is inherently biased toward protectionist outcomes.

However, during the period 1980-91, domestic suppliers' share of the total of processed products consumed has steadily declined in member states (from 67 to 56 per cent), while the shares supplied by EC partners and non-EC partners have both risen (from 19 to 25 per cent and 14 to 19 per cent respectively). This reflects a lowering of the average of external protection for total processed products, rather than the alleged increase.

The opposite holds, though, for processed agricultural products. Here, the share of consumption supplied by extra-EC partners has actually declined (from 7 to 6 per cent), presumably as a result of the Common Agricultural Policy.

The study's second allegation is that a coalition of states with a common external trade policy, like the EC, will automatically favour protectionist outcomes. Prof Winters has clearly in mind the "fiercely protectionist" CAP. Although there is no denying that levels of external protection have been high under the CAP, one cannot be sure that they would have been lower in the absence of the EC. The example of Switzerland and the Nordic countries, which protect their agriculture even more than the EC, suggests that the answer is not as evident as the author would have us believe.

My assessment of the impact of EC integration differs substantially from that of Prof Winters. While he feels that the EC may have succumbed to the "danger of becoming inward-looking", I see a process of regional integration having led to substantial multilateral liberalisation, beyond what could have happened without the EC. Reinforcement by the EC of its commitment towards the multilateral trade system is the best way to ensure that integration will continue to be beneficial to both the EC itself and the world at large.

André Sapir,
economic adviser,
European Commission,
Brussels

FINANCIAL TIMES

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Monday March 22 1993

Helping Russia to decide

PRESIDENT Yeltsin could not have been clearer, in his televised address on Saturday, about the choice now facing the Russian people. In the plebiscite planned for April 25, they have to decide whether the leader they elected by a 57 per cent majority in June 1991 is to be allowed to get on with the economic and democratic reforms he then pledged to undertake, or whether they prefer to be ruled by an assemblage of anti-democratic relics from the old Soviet state.

In putting the question, and in giving himself "special powers" between now and the referendum, Mr Yeltsin is taking an enormous gamble. It comes perilously late in the day, when much of his political capital has already been spent. It is also not clear if he has thought through precisely how to frame the vote or to proceed thereafter: on Saturday he vowed to seek approval for a new draft constitution and electoral law on top of a vote of confidence, an agenda which may prove unmanageable.

What *is* certain is that the Russian president has no choice but to seek a renewal of his popular mandate if he is to retain any capacity to pursue his reforms – and that the west has no option but to swallow any discomfort about the constitutional niceties and support him in the attempt. In doing so, western governments need to be aware of the dangers. They cannot afford to become so entwined with particular personalities in Russia's internal struggle that they lose their freedom of action or judgement. They cannot ignore the possibility that power has seeped away from the centre to such an extent that neither Mr Yeltsin nor anyone else can now prevent chaos in Russia.

They can and should, however, make emphatically clear that they believe the reforms President Yeltsin symbolises to be the only path towards a peaceful and prosperous Russia in the long term; that the alternatives propounded in the Congress of People's Deputies are a recipe not for "order" but for increased disintegration and conflict; and that assuming the referendum results in the creation of a more legitimate and coherent power structure in which reforms can be pursued, a serious, concerted and highly visible programme of financial assistance will be made available.

The key words here are "in the long term". Mr Yeltsin's gamble can only pay off if it is the start of a sustained process. He cannot expect to produce a satisfactory constitutional settlement in a rush, and he cannot wait until a new constitution is in place before taking steps to make economic reform and financial stabilisation begin to work. That will almost certainly mean having to ask in the referendum for the extension of his special powers for a finite period while elections are held and deliberations completed on Russia's political future.

It is a daunting challenge. The west should do what it can to secure success, but should start thinking now about the consequences of failure.

US and Europe

IF SAVING the Russian reform process is now the most urgent issue for discussion between the US and its European allies, saving the Uruguay Round and averting a global slide into protectionism is hardly less so. Indeed, the two issues are closely connected. In the immediate crisis, a heated argument over trade issues would distract political leaders from the Russian problem and make it harder for them to agree on a plan of action. In the longer term, the west's ability to help Russia (or indeed anyone else) will be badly impaired, and the effect of any help it does give more than offset, if old and new trade barriers are allowed to impede a global recovery.

Both issues involve, or should involve, Japan as much as North America and western Europe. But the Atlantic alliance is much more firmly rooted in a shared cultural heritage, as well as being embodied in a more solid institutional framework, than the trilateral relationship – or for that matter either of the other legs of the triangle taken by itself. The Atlantic alliance was the backbone of the free world in the cold war. The best hope for a post-cold war world order worth the name lies in its continuation, and indeed the gradual extension of its shared values and procedures, if not its specific institutions, to at least the main industrial powers of the northern hemisphere.

But continuation cannot mean simply leaving it alone, on the principle of "if it ain't broke don't fix it". The alliance in its familiar form was a direct response to the twin challenges of Soviet military power and what President Truman called "the menace of communism as an idea, as an egalitarian, dynamic social force". Both are now dead, or at any rate so diminished that fear of them is no longer enough to hold the western democracies together. The new challenges facing Europe and North America, and the reasons why they require a joint effort, need to be clearly articulated by leaders on both sides of the Atlantic if their peoples are to make that effort. A common strategy has to be worked out, and the institutions of the alliance need to be adapted to the new tasks.

On the security side a start has been made, with the creation of the North Atlantic Co-operation Council (bringing Nato members together with their former adversaries), and the placing of Nato's resources at the disposal of the UN for peacekeeping, and perhaps soon for peace enforcement, duties. But much more needs to be done, above all on the political and economic side where the EC – soon, let us hope, the European Union – is the proper interlocutor of the US. Last week's meeting between President Clinton and Mr Jacques Delors showed that seemingly intractable differences can be overcome, or at least contained, when political will is applied at the highest level. The relationship needs much more sustained attention on that level if it is to flourish.

A new vocation

A CENTURY of failure in Britain's vocational training and education cannot be quickly reversed. But the next two years should show whether a key building block of the new system – National Vocational Qualifications – is helping fill the country's skills deficit or merely giving a fancy new name to existing arrangements.

If it succeeds it may owe something to the unglamorous sounding National Advisory Council for Education and Training Targets (Nacett) unveiled last week. The small committee's high-powered membership, along with the co-operation shown by rival government departments at its birth, are promising signs.

NVQs are a critical part of Nacett's remit, aimed at the system's greatest weakness, namely the large number of young people with no vocational or educational qualifications. NVQs, which are meant to rationalise a maze of vocational qualifications, are now available to more than 80 per cent of the workforce. Based on competence tests rather than written exams, they stretch from level one (semi-skilled) to level five (higher professional). They are meant to promote mobility through core transferable skills and improve comparability both between occupations and between vocational and academic achievements.

Few people argue with the NVQ principle or with national education and training targets, in particular the aim that by 1997, 80 per cent of young people should have reached NVQ level 2 or its academic equivalent of four higher grade GCSEs. But employers have been slow to sign up their employees to NVQs, and opinions are strongly divided about the way NVQs are organised.

Critics argue that there is little sign of parity of esteem between academic and vocational qualifications and that the lack of central authority, ultimately from Whitehall, has allowed the system to be hijacked by the 126 industry bodies which have designed unacceptably company and job-specific qualifications, with little emphasis on transferable competences.

For all this, the system is reformable. Nacett's annual report will be a useful spur. One immediate aim should be to establish reliable figures about how many people have, or are working towards, NVQs – the figure of 3m quoted by the National Council for Vocational Qualifications appears to be a guess.

At the same time, the NVQ assessment system could be made less rigid and expensive. It could also be made easier for people to sub-divide NVQs by doing a core qualification and then adding more sophisticated options.

The upgrading of vocational qualifications remains in its infancy in Britain. Education reformers are familiar with the problem of seeing their work damaged by vested interests. It will take combined determination from the Education and Employment departments to overcome the difficulties. But the task is not impossible – the targets must be met.

Yeltsin at last plays his hand

John Lloyd examines the gamble taken by the Russian president in his decision to impose special rule

Mr Boris Yeltsin, the embattled president of Russia, has broken out, a move which now seems to have been inevitable. Penned in by decisions of the last Congress of Peoples' Deputies – which gave parliamentarians the right to cancel his decrees instantly and even to suspend the office of the presidency, Mr Yeltsin has taken his tail from between his legs and stung them into decreed oblivion.

He told the country on Saturday night that he had "signed a decree on special rule until the power crisis is overcome". On April 25, a "vote of confidence" in the president and General Alexander Rutskoi, his vice-president will be held throughout Russia. At the same time, another popular vote will be held on a draft constitution and a draft electoral law. If these are passed, elections for a new parliament will be held under the provisions of the new constitution and the revised law.

Mr Yeltsin also said that the structure of the new parliament would be wholly different from the present Congress of Peoples' Deputies and its smaller permanent Supreme Soviet, but he was not specific about any changes. In the past, he has expressed a preference for a bicameral assembly.

Until the deputies are replaced, the president added, they may continue to work – but "no decisions . . . which aim to change or suspend commands or instructions of the president or resolutions of the government have any legal force". At the same time Mr Yeltsin has directed Mr Victor Chernomyrdin, the prime minister, to draw up a law on the private ownership of land.

In the main, Mr Yeltsin's directives are unlawful, violating numerous articles of the Russian constitution. Article 121, for example, explicitly states that the president cannot disband or suspend the parliament. Other provisions repeatedly declare that the Congress is the supreme power in the country and that it has the right to do anything it wishes.

Mr Yeltsin's actions were described as a "coup" by Mr Valery Zorkin, head of the Constitutional Court, who cut short a visit to the US at the end of last week because of the crisis. Yesterday he convened an immediate sitting of the court. Though compromised by his failure to guarantee the December agreement between Mr Yeltsin and the parliament to hold a referendum, Mr Zorkin remains the country's senior law officer, and he gives the judgments against Mr Yeltsin the imprimatur of his office.

However, the Russian president did not claim that his actions were constitutional. Instead Mr Yeltsin has justified them on three grounds: his election by all of the people; the threat of a reactionary movement organised by the Congress; and his support for urgent constitutional and economic reforms. Together with his commitment to continue to respect human rights, this reasoning, though clearly not quelling every qualm on the part of his foreign backers, was enough to produce declarations of firm support from the leading foreign governments for his continued leadership of reform.

Ruslan Khasbulatov (right) opposes a vote of confidence in Mr Yeltsin (centre) and Vice-President Rutskoi

Meanwhile, Mr Yeltsin told the army to stay out of the conflict between himself and the Congress. The military leadership will probably be grateful that he did not ask for their direct support. Interior troops and the security services are also unlikely to intervene, at least not overtly, for the moment.

Mr Chernomyrdin, who addressed parliament yesterday afternoon, was also supportive. "In these conditions, it is not at all easy to pull ourselves out of an economic crisis," he said. Nonetheless, the government was solidly behind the president because of the need to break out of the chaos and to "defend the constitutional order as a whole".

Yet the opposition in parliament believes that it commands the moral high ground. The president is acting unconstitutionally, it contends, and he is rushing the nation towards civil war. Indeed, one of Mr Yeltsin's longtime supporters, Mr Eduard Shevardnadze, the Georgian leader and former Soviet foreign minister, commented that the possibility of internal conflict in Russia appeared so real "that I can almost smell it".

In the main, Mr Yeltsin's directives are unconstitutional and have been described as a coup

"The worst has happened," Mr Ruslan Khasbulatov, the parliamentary speaker, told the parliament yesterday. He repeated that his belief was that the president was "in breach of the constitutional laws". He said that even though Mr Yeltsin had asked for a vote of confidence in both president and vice-president, he could not co-sign such a decree. He has thus put himself (not for the first time) in the opposite camp.

But how have the Russian people reacted? A few thousand supporters of each side – separated by lines of police – yesterday rallied round the White House, the Russian parliament building. Hardliners supporting the Congress tried to beat up an American TV crew, and a Reuters correspondent quoted an elderly lady – carrying a portrait of Stalin – saying she was fighting against dictatorship.

Yet recent polls have suggested that public apathy is growing. Some show that as many as 70 per cent see recent political events as having no relevance whatsoever to their lives. The Russian people, as Mr Yeltsin has himself observed, are infamous for their spells of passivity broken by sudden explosions. If this pattern holds true, the polls are alarming.

Mr Yeltsin's domestic and foreign supporters – who are split on the advisability of his tactics but broadly behind him in doing something to break out of the stalemate with parliament – have two principal concerns: first, that his gamble of going to the people will be technically possible; and second, that the people should vote in large numbers. Neither can be assured.

It is still unknown precisely what Mr Yeltsin means by a "vote" on April 25. It is presumably not to be a referendum or Mr Yeltsin would have said as much. Referendums, moreover, are absolutely ruled out by the constitution – something Mr Yeltsin has appeared to accept.

If it is an informal plebiscite, about which he has spoken often, a great deal of organisation is necessary: people need to be able to vote at polling stations, supervision is required; votes must be counted; and it must be seen to be fair. It will also take millions of roubles, and there is as yet no word on where the funds will be found.

A full-fledged referendum needs at least 50 per cent of the electorate voting before it is valid. A plebiscite would need no such thing, but the turn-out would have to be more than, say, 25 per cent before it could be taken seriously. Even such a modest level may be too much to expect in present conditions. However, supporters of this strategy say that, with a four-week campaign, and a populace roused by rhetoric and struggle, the issue may be dramatised enough to stir activity.

A final question is whether Mr Yeltsin can keep on the peaceful path he clearly wishes to tread. Can he hold out to the leading industrial companies a reasonable prospect of being a stable partner in their increasingly frenzied efforts to find some way of assisting him?

He has showed his cleverness by allowing the Congress to continue to meet and work. He has no obligation to arrest them; he can ignore (under the terms of his own decree) any resolutions which may cancel his orders; and if the Congress impeaches him, or attempts to strip him of powers, it must act – which, in the end, means it must secure the allegiance of at least part of the armed forces.

Even though this puts the ball in his opponents' court, it also represents a great danger. Each side in the confrontation, in seeking to make its power paramount, demands loyalty of one or other of the armed forces. It is not impossible – indeed, it is relatively easy – to envisage a split between forces loyal to the parliament and those loyal to the president, rather like a replay of the English civil war three centuries on. Mr Yeltsin, it was reported yesterday, has already renamed the elite Kremlin guard as the presdential guard, and put it under his direct control.

"He must have gone mad," said Mr Mikhail Gorbachev in an interview with Italy's La Stampa yesterday, *schadenfreude* getting the better of him again. Mr Yeltsin clearly has not gone mad. But he is equally weary, perhaps fearful – perhaps even losing heart. He will need every ounce of it for the struggle to come.

Samuel Brittan

How to misuse the price mechanism

A luggage trolley is one of the most useful of innovations, and, like many such, did not require sophisticated science and technology, but merely someone to think of the idea. It enables the feeblest person to transport his or her luggage without being fleeced by the red-coated "privatised" porter services to be found, for instance, at Heathrow Airport.

Alas, rarely has a good idea been put into effect for long when someone sets about spoiling it; and the bad example is copied. Imagine my chagrin when I arrived at Brussels airport a few years ago to find that a coin was required to release a trolley. Although I had small denomination Belgian notes, I did not have the coin required. The banks and newsagents were closed; and none of my fellow passengers was able or willing to provide change.

Since then the habit has spread to other airports and to railway stations. The idea seems to be to find a new deterrent to cross-border travel now that customs barriers are coming down. It never seems to dawn on the clever idiots who installed the system that banks normally supply foreign exchange in notes; and not even flight attendants carry loose change.

Yet a further horror has been invented which I first discovered at Zurich railway station. This is to make the traveller pay a somewhat larger sum – two Swiss francs as far as I remember – but to return the coins when the trolley is finally deposited at the curb or on the platform. It is extremely difficult to discover how to make the extraction, and I am usually more concerned to secure my taxi than make the effort. Similar devices have apparently been installed in some supermarkets.

The trolley charging systems look at first sight like an application of the price mechanism, but on closer inspection turn out to be a misapplication to the point of caricature.

Other things being equal, the price of a trolley should roughly correspond to the extra ("marginal") cost to the airport or railway of providing this service, for an appropriate charge helps in the allocation of resources. With the right pricing policy, there is an incentive for the airport or station to make available the appropriate number of trolleys – not too many or too few – and for the passenger to use them only if the advantage outweighs the cost.

The snag in the above argument is that the gains in welfare from the use of the price mechanism are heavily outweighed by the discomfort and inconvenience. If you want to be pompous you can talk about the disutility of striving too earnestly to maximise utility. There are many other examples where separate charging is not worth the bother. Hotels do not charge separately for light, heating, water, room-cleaning, and so on.

The transport authorities are simply trying to recover their costs. In that case would it not be simpler to add a small sum to the airport or station charge, which would be incorporated in the fare? The disincentive effect of the charge (as distinct from the nuisance cost of finding the coin) on the number of passengers using trollies, must be vanishingly small. So there would be almost no effect on the allocation of resources.

As for the fear of stolen trolleys, this is farcical for airports. A trolley cannot be put in a waiting car or taxi without anyone noticing. Even at railway stations most illicitly taken trollies go to nearby hotels – whence they would be brought back by departing passengers for the same reasons of convenience, if the rail authorities did not criminalise the activity.

The main reason why the issue is one of public policy is that airports and mainline rail terminals have a local monopoly, whether privatised or not. Supermarkets, where the danger of theft is less risible, can be left to make their own decisions, although even here bodies such as the Consumers' Association need to ventilate the issue, and make sure that customers are fully informed of where shopping remains easy. But where monopoly applies, the regulatory body needs to say: "No, No, No."

OBSERVER

Retirement home feud

■ The US Supreme Court now has one lady aboard and may soon get another, but it remains a brotherhood at heart. And as in even in the most closely knit fraternities all is often not sweetness and harmony.

Take Justice Byron White's announcement on Friday that he was resigning after 31 years. The instant suspicion was that he had pre-empted one or two other justices contemplating retirement so as to lay claim to the fine suite of offices in the existing Court building vacated by the death earlier this year of former Justice Thurgood Marshall.

Retired justices are entitled to offices in the Court itself where four suites are reserved for this purpose. However Chief Justice William Rehnquist has been trying to persuade ex-justices to move down the road to the new Thurgood Marshall building in the revamped Union Station complex.

The problem is that the three living former justices - Warren Burger, Lewis Powell and William Brennan - have refused to budge from their quarters. They say they were appointed for life to "this building."

Rehnquist, a conservative, is thought to be particularly disturbed by the influence exerted by Brennan, 84, a powerful liberal intellectual, over Justice David Souter, appointed by President Bush to fly the conservative flag but proving to be distinctly moderate in many of his judgments.

Justice White has said he would "likely" move to the new quarters. But this is exactly what Brennan, who has a great sense of mischief, said he would do when the Chief Justice first mooted the idea and Messrs White and Brennan are great friends, though not ideological soulmates.

If he does go, then it is a fair bet that Harry Blackmun or John Paul Stevens, the liberal pair reckoned the next likely to retire, will not be so accommodating. Rehnquist may end up having to move to Union Station himself in order to distance himself from his liberal ex-brethren.

Lost tribe returns

■ Why should the Conservative members of the European Parliament give up their offices on the third floor of the European Parliament's London outpost in Queen Anne's Gate and move into the Tory party's Smith Square headquarters?

The official line is that it is all to do with winning next year's European elections. "We want to have one integrated election fighting machine", says Tim Collins, the Tory party's exceptionally young director of communications.

Maybe so. But the suspicion remains that the party's forgotten tribe of MEPs has been ordered in to the expensively refurbished Tory party HQ to help reduce the overheads. Unlike, Queen Anne's Gate, the Smith Square accommodation will not be provided rent free.

Fortunately, the financing of the Conservatives in Europe is on a much sounder footing than that of the Conservatives in Britain.

'There's jobs galore down at the P45 factory'

Fare recompense

■ It's not only the big shots who have been brought to book by Japan's anti-crime drive. Brief fame has just been won by a run of the mill commuter, identified only as a 39-year-old office worker from Tokyo, who achieved a national record for rail ticket fraud.

For five years he travelled back and forth flashing an out-of-date rail pass, successfully trusting to the ticket collectors' inability to imagine that a worker warrior would ever do anything so uncharacteristically Japanese.

When one finally challenged him, however, he made a full confession and has agreed to make reparation to Japan Railways as well as paying a fine. In all, it is costing him about £80,000.

Thinking chaps

■ Britain's think-tank industry, like the rest of the country, has not escaped the recession. Money has been tight, Big Ideas have been in short supply, and existing output has been hit by theoretical disputes. Hence, this week's launch of Demos, the first new think-tank of 1993, is a welcome event.

At first sight it might look like a *Marxism Today* conspiracy. After all Demos' chairman is Martin Jacques, 47, a former editor of the magazine and once described as the most prominent British communist of his generation. Director Geoff Mulgan, 30, is an old buddy of Jacques' and there are plenty of old *Marxism Today* buffs on the advisory council.

However, the presence of successful business folk like Courtaulds Textiles' Martin Taylor, Northern Foods' Chris Haskins, and Dennis Stevenson, who is chairman of the Tate Gallery and a member of the City Takeover Panel, suggests that it is not going to be dominated by the loony left or the nutty right. Its membership comes from a surprisingly broad church.

That said, its list of aims is a bit long-winded. Any think tank which cannot sum up its purpose in one sentence is going to find it hard to get its message across.

Fishy method

■ Hearing the dreadful stories of how revolting French fishermen are interfering with British fish exports, Observer wonders whether exporters can beat the French at their own game by using poisson distribution to calculate the exact probability of further interruptions.

If the average destruction rate is 10 crates of cod per hour, applying the poisson gives an 11 per cent probability of 8 crates being destroyed in any one hour and a 7.5 per cent chance of a 15 to 30 minute delay between onslaughts.

Superfluous

■ Who said that business is not picking up? Among the contracts put out to tender in the latest supplement to the Official Journal of the European Communities is one from the City of Newcastle seeking a delivery of coal....

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Battle continues in spite of 20% foreign share of Japanese market

US-Japan chip trade still tense

By Louise Kehoe in Kona, Hawaii

THE battle between the US and Japan over semiconductor trade is not over yet, in spite of the surprise announcement on Friday that the long-sought US target of a 20 per cent foreign share of the $20bn Japanese semiconductor market had finally been achieved.

The US is now pressing Japan for continued improvement in foreign access to its semiconductor market by maintaining an average 20 per cent foreign market share over the next 12 months.

Japanese officials said, however, that they would "reject out of hand" any suggestions for further quantitative measures of market access.

As trade officials and industry representatives from both countries gathered in Hawaii for semiconductor trade talks that began yesterday, it was evident that sharp differences remained which could have important implications for US-Japanese trade relations in this and other sectors.

Officials from both countries were surprised by Friday's announcement that the foreign share of the Japanese microchip market was 20.2 per cent in the fourth quarter of 1992, a 4.3 percentage point jump from the previous quarter. Previously, the critical market share number had never risen by more than 1.3 percentage points in a single quarter.

Although the market share rise alleviated trade tension, it also raised new questions about the use of market share as a quantifiable indicator of market access.

Japan has always vigorously denied that the semiconductor agreement reached in 1986 guaranteed foreign chip manufacturers a fifth of the Japanese market.

The Japanese government's resolve to resist further use of market share data has been hardened by US suggestions that a similar approach might be applied in other sectors now that it has proven successful in semiconductors.

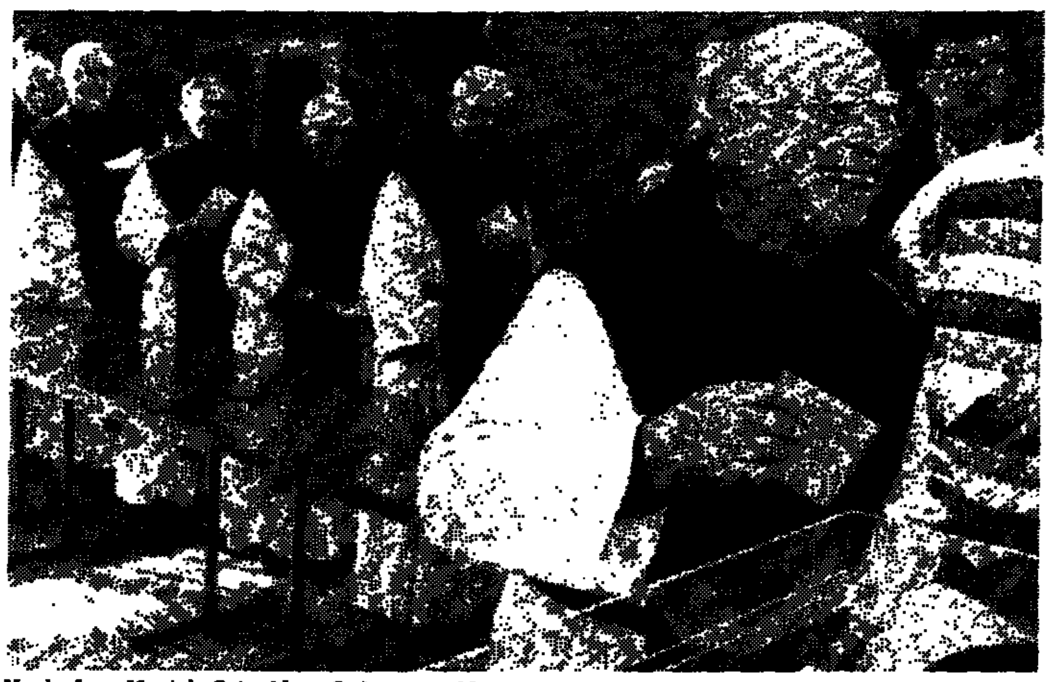
"We need to evaluate [market share targets] to see if they may bear fruit in other sectors too," Mr Mickey Kantor, the US trade representative, said last week.

Other market-opening agreements, such as last year's public sector computer procurement agreement, which did not include quantifiable measures of market access, have shown few results.

A closer examination of the Japanese semiconductor market suggests, however, that the sharp increase in foreign market share in the fourth quarter was influenced more by economic conditions in Japan than by rising foreign semiconductor sales. Foreign sales increased significantly, but the size of the Japanese semiconductor market declined drastically, US officials acknowledged.

This demonstrates the futility of using market share numbers to measure market access, Japanese industry officials argue, because the size of the market is beyond the control of the government of a free market economy. They also maintain that fluctuations in exchange rates make the market share numbers poor indicators of market access.

US chipmakers believe they are in a strong position to benefit from any upturn in the Japanese economy, because they now lead the world in several of the highest growth segments of the semiconductor market and are outspending Japanese competitors on new semiconductor plants. Another factor is the increase in "design-ins", in which US-made chips are designed into new Japanese electronics products.



Monks from Mont de Cats abbey, Godewaersvelde, north-eastern France, casting their votes yesterday

Rightwing landslide

Continued from Page 1

more years of his seven-year presidential term to run, and few supporters of the UPF coalition believe he will quit early. But Mr Juppé said "the rejection of President Mitterrand is very deep", and he warned that "we [the right] will apply our programme with aggression but without concession" to the president.

Early computer predictions gave the Socialists the possibility of winning less than 60 seats on some 19 per cent of the vote, and only perhaps 70 seats if ecologist voters switched their support to the Socialists in the second round. Mr Fabius said "the left risks being crushed in parliament". He attributed this crushing defeat to "the wear and tear of time, unemployment, and disappointment".

Scandal claims fourth minister

By Haig Simonian in Milan

MR GIANNI FONTANA, Italy's agriculture minister, last night became the fourth minister to resign in little more than a month as a result of the growing political corruption scandal.

The move represents a further serious blow to the fragile eight-month-old government of Mr Giuliano Amato, prime minister. In recent weeks, Mr Amato has had to contend with the forced departures of senior members of the coalition and growing difficulties passing legislation in parliament.

Mr Fontana, a Christian Democrat, stepped down after being told by magistrates in the northern city of Verona he could face prosecution on allegations of abusing laws on financing political parties and illegally receiving funds.

Yesterday, magistrates searched Mr Fontana's house in the city and holiday home on Lake Garda as part of continuing inquiries into a string of allegations of political corruption in Verona which have already involved a number of local politicians

Mr Fontana's resignation follows that of the Socialist Mr Claudio Martelli as justice minister and of Mr Giovanni Goria and Mr Francesco De Lorenzo, until recently finance and health ministers respectively. All three have been involved in investigations concerning alleged political corruption. In addition, Mr Carlo Ripa di Meana resigned as environment minister to mark his opposition to the government's attempt earlier this month to attenuate the growing scandal.

Separately in Naples, Mr Alfredo Vito, a local Christian Democrat MP advised by magistrates he could face prosecution in Italy's political corruption scandal, has admitted to them that he collected billions of lire in bribes for local party leaders.

The admission could give southern magistrates investigating allegations of widespread political corruption their first big breakthrough in one of the electoral strongholds of Italy's largest political party.

Until now, the investigations, which began in Milan, have barely penetrated the political fabric of the Mezzogiorno, where the Christian Democrats and the Socialists, the two parties most implicated in the corruption scandal, draw much of their support.

Bribes and kickbacks to politicians "are present in every corner of society", Mr Vito said in weekend television interviews. "I was a part of this system." Threatening to take the lid off a decade of political corruption in Naples, Mr Vito has resigned from the party and will step down as an MP. "I hope other colleagues under investigation will follow my example", he said.

The allegations against Mr Vito involve corruption and extortion. Last week a parliamentary committee backed the request by magistrates, investigating a jobs-for-votes scam, for Mr Vito's immunity to be waived. On Thursday, he offered to testify voluntarily.

The corruption investigations in Naples, Italy's third biggest city, have focused on alleged kickbacks paid by building contractors modernising the city's football stadium for the 1990 World Cup and bribes to the privatised municipal refuse collection company. Investigations are also under way over allegations of L2bn ($1.3m) in bribes paid to local politicians for building an unfinished light tram network.

US leads support

Continued from Page 1

days after visiting Washington last week.

However, Japan remains deeply sceptical about the economic case for a large-scale aid programme given the chaotic state of the Russian economy. Such doubts are shared by senior EC officials.

There were few dissenting voices in western capitals yesterday about in effect intervening in Russia's internal power struggle.

Members of both parties in the US Congress backed President Clinton's stance. Senator Bill Bradley, an influential Democrat, argued that Mr Yeltsin "seems to be saying that the problems of emerging democracy should be solved by more democracy". Senator Robert Dole, the Republican leader, said Mr Clinton should offer Mr Yeltsin a symbolic boost by moving his April 3 summit with the Russian leader from Vancouver to Moscow.

Row grows over UK budget plan to extend range of VAT

By Alison Smith in London

THE UK's Labour opposition yesterday stepped up its attack on the Conservative government as the row over the extension of value added tax to domestic fuel continued to overshadowed other aspects of last week's budget.

Labour accused ministers of having "torn up" the commitments about extra help with domestic fuel bills which were made only two days after the budget.

As MPs prepare to vote on the budget resolutions tonight, Tory parliamentarians were offered little new reassurance from ministers that all those about whom they are concerned will qualify for extra help when VAT at 8 per cent is levied on domestic fuel from April 1994.

In particular, there was a clear setback for those Conservative MPs still seeking a compensatory increase in the basic state pension, when this was effectively rejected by a Treasury minister.

Mr John Smith, the Labour leader, yesterday called the budget "a bonfire of John Major's election promises and Conservative party election pledges". Labour will target Tory MPs who serve on the committee to discuss the Finance Bill, contrasting their own election pledges with last week's announcement.

Interviewed on BBC television, Mr Norman Lamont, the chancellor, confined himself to offering help to "poorer" pensioners and families, likely to total about 10m people.

He explicitly ruled out doing so by exempting people in need from paying VAT on fuel bills, saying that such a course would be expensive, inappropriate and an "administrative nightmare".

The most sensitive point confronting the UK government in the affair was exposed more starkly by Mr Stephen Dorrell, the Treasury financial secretary.

Although Mr Andrew Bowden, the Tory chairman of the cross-party pensioners' group of MPs, last week urged extra help for pensioners who just fail to qualify for income-related benefits, Mr Dorrell appeared to rule out doing so through the basic state pension.

"If we want to help people on low incomes, and the government has made it clear that in the context of this VAT change we do want to help people on low incomes, then to take pensioners as a category would be to miss the target," he said.

Although some estimates have suggested up to £1bn ($1.49bn) would be needed to compensate people in need fully for the VAT change, Mr Lamont refused to give a figure for the amount of extra help that would be provided from the reserve.

Doubts over coal policy, Page 6

THE LEX COLUMN

French test

The foreign exchange market always promised itself some sport around the French election. It seems reluctant to forgo the opportunity even though the result should not make a great deal of difference to policy. In opposition the right was committed to a strong franc. Only after the second round next week will the final shape of the new government be known and the real test of that conviction begin. In the meantime there is little chance of the outgoing administration giving way. To desert the ERM as one of its last actions in office would be to drink from the poisoned chalice. It would surely rather hand it on.

Nonetheless it may now require a vicious squeeze on short-term rates to discourage speculators from selling the franc short. Its vulnerability is clear. The new government may want to establish its European credentials, but it also has to tackle unemployment - and that requires much lower interest rates. An agreement on closer monetary co-operation with Germany might help but it is difficult to conceive of one that will convince the markets without infringing national sovereignties. The guilder's special relationship with the D-Mark is purely voluntary. It works because the guilder is a small currency that can be easily manipulated and has a stronger track record than even the franc.

If the new government proves its determination, short-term rates might fall quite quickly to the German level. But real rates would even then be positive by an unsustainable 6 per cent. French exchange rate policy would be much more plausible if the Bundesbank helped by cutting rates more quickly. So far it has been too grudging for comfort. The repurchase rate it sets this week will matter more to the future of the ERM than the poll result in France.

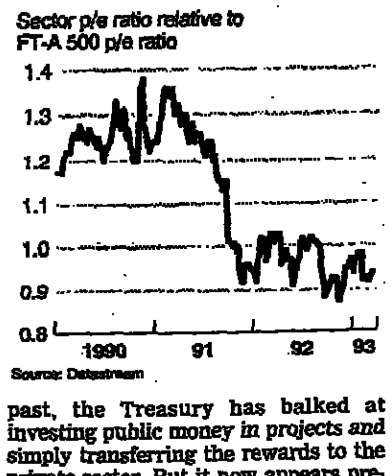
Infrastructure funding

Last week's Budget may have signalled a real revolution in the private funding of infrastructure projects. Mr Norman Lamont's comments certainly showed a renewed enthusiasm for the concept. The cynical view is that this will only lead to a re-run of the frustrating – and largely futile – debate following the Ryrie rules of the early 1980s. But there are certainly greater grounds for optimism this time round.

The most important factor is the significant shift in Treasury thinking contained in its guidance for joint venture infrastructure projects. In the

Food retailers

Sector p/e ratio relative to FT-A 500 p/e ratio



Source: Datastream

past, the Treasury has balked at investing public money in projects and simply transferring the rewards to the private sector. But it now appears prepared to do so if it is accompanied by a complete transference of risk. Any continuing government involvement in projects would threaten the PSBR if costs ran out of control. For private sector companies, the profit motivation must be coupled with a real fear of bankruptcy.

Government money is clearly needed at the start of infrastructure projects when the risks are primarily political. Further subsidies may be needed in the course of construction. But, if the government is not to bear any residual risk, the private sector must at some stage assume full responsibility for its completion. As long as the Treasury and the private sector can draw that line in an appropriate place, there is now a chance of mixed infrastructure projects working.

UK insurance

Mr Lamont also held out a little noticed but juicy carrot for the UK insurance industry. Insurers have long argued for the right to set aside tax-deductible general reserves against unspecified future losses. The Budget gave them cause for celebration by promising a consultation paper on the issue. Swings in profits caused by natural catastrophes could be ironed out by such equalisation reserves. European insurers enjoy a competitive advantage in the London insurance market by being allowed to create them.

Yet there is plenty of scope for disappointment in the fine print. Equalisation reserves would be of little value if they were restricted to minor classes of business. The big gains would flow from reserves against future losses on property and household accounts. Only then would shareholders funds be protected from hurricanes or deep recessions. If the government and the Inland Revenue are prepared to go that far, insurance companies may be more inclined to maintain dividends through the cycle and the sector would be a less volatile investment.

The industry will still have to argue its case. Smoothing profits goes against the grain of recent UK accounting reforms. The continental practice of setting up general reserves discourages transparency. Insurance companies which are free to reserve to the hilt on the upswing may also be tempted to write bad business in difficult markets. Far from smoothing the insurance cycle, equalisation reserves would then only add to the problem.

Food retailing

The UK food retailing industry is in a transitional phase. The sector's shares are too. Fundamentals suggest grocery stocks remain undervalued. But such considerations have been swamped this year by a surge of adverse sentiment. There may be relief that the chancellor has - at least temporarily - refrained from extending VAT to all food products. Yet other fears have gnawed away valuations.

The hoary old saturation debate has raised its head again. The discount sector seems set to flourish. The promised US-style warehouse clubs may not instantly see huge slices of market share changing hands but they will create a new price floor. Food volumes have fallen to their lowest level for more than a decade and will only recover slowly. The restrained spending seems not so much a factor of consumer confidence but cash: high unemployment rates and low earnings growth mean there is limited money in shoppers' purses.

Despite such worries, the big grocers will record some solid earnings gains this year thanks to their prodigious opening programmes. Isosceles's continuing misfortunes will provide opportunities for cannibalistic growth. The devaluation effect will eventually feed through to prices, perhaps this summer. By then, recovery should have firmly taken root. In such uncertain times the market believes that – apart from special situations like Asda – it is wise to stick with quality stocks, such as J. Sainsbury and Wm Morrison. It is difficult to disagree.

World Weather

UK Today: Colder, with showers, turning cloudy later, over southern counties and the east Midlands. Elsewhere mainly cloudy with light rain. Generally cloudy with some heavy rain and blizzards in northern Scotland.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Cairo	F	18	64	Inverness	C	9	48	Milan	S	20	68	Salzburg	S	13	55
Ajaccio	S	15	59	Cape Town	S	26	79	Isle of Man	F	9	48	Montreal †	S	-18	0	S'Francisco †	C	13	56
Algiers	S	26	79	Cardiff	C	9	48	Istanbul	F	10	50	Moscow	R	2	36	Seoul	C	8	46
Amsterdam	S	13	55	Chicago †	C	0	32	Jersey	S	11	52	Munich	F	11	52	Singapore	F	28	82
Athens	S	18	64	Cologne	S	10	50	Johannesburg	F	23	73	Nairobi	F	26	79	Stockholm	F	6	43
Bahrain	F	28	82	Copenhagen	C	8	46	Las Palmas	S	21	70	Naples	F	17	63	Strasbourg	S	15	59
Barcelona	S	17	63	Corfu	S	17	63	Leeds	C	9	48	Nassau		-	-	Sydney	F	22	72
Beijing	S	12	54	Dallas †	C	12	54	Lisbon	S	19	66	Newcastle	S	10	50	Tangier	S	22	72
Belfast	C	8	46	Dublin	C	8	46	Locarno	F	24	75	New Delhi	S	25	77	Tel Aviv	C	18	64
Belgrade	F	23	73	Dubrovnik	S	17	63	London	S	10	50	New York †	S	1	34	Tenerife	S	20	68
Berlin	F	14	57	Edinburgh	F	8	46	Los Angeles †	C	16	61	Nice	C	13	55	Tokyo	C	11	52
Bermuda	F	21	70	Faro	S	18	64	Luxembourg	S	11	52	Nicosia	S	16	61	Toronto †	S	-9	16
Birmingham	R	9	48	Florence	F	15	59	Madeira	S	20	68	Oporto	R	17	63	Tunis	S	22	72
Blackpool	F	8	46	Frankfurt	S	12	54	Madrid	S	17	63	Oslo	F	7	45	Valencia	S	21	70
Bombay	S	34	93	Geneva	S	15	59	Majorca	S	21	70	Paris	C	11	52	Vancouver †	F	5	41
Bordeaux	F	15	59	Gibraltar	S	19	66	Malaga	F	20	68	Perth	R	13	55	Venice	F	16	61
Boulogne	S	10	50	Glasgow	C	9	48	Malta	S	20	68	Prague	S	9	48	Vienna	C	13	55
Bristol	C	10	50	Guernsey	F	9	48	Manchester	C	8	46	Reykjavik	Sn	-3	27	Warsaw	C	5	41
Brussels	S	16	59	Helsinki	S	5	41	Melbourne	S	28	82	Rhodes	S	16	61	Washington †	F	3	37
Budapest	F	13	55	Hong Kong	F	14	57	Mexico City		-	-	Rio de Janeiro		-	-	Wellington	F	15	59
Buenos Aires		-	-	Innsbruck	S	15	59	Miami †	R	19	66	Rome	C	16	61	Zurich	S	13	55

Temperatures at midday yesterday † Noon GMT temperatures C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

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INSIDE

Fila sidesteps home market listing

Fila, the Italian sportswear group, is shun the domestic stock market and float its shares directly in New York. The decision to bypass Milan and list in New York reflects Fila's growth in the US market, where sales of its sports shoes have risen sharply to put it in third place behind Nike and Reebok. Page 14

Warning to investors

Investment in the US stock market over the next 10 years will not be so lucrative as in the previous decade, according to Mr Warren Buffett (left), the celebrated investment guru. He also counsels the avoidance of new share issues, arguing that "an intelligent investor will do better in the secondary market". Page 14

Barclays reviews lending

Barclays, the UK's biggest bank, is making senior executives personally responsible for their mistakes when making big corporate loans, following the £240m ($357m) losses which it made on £422m of loans to Imry, the troubled property group. Page 14

Billionaire in thankless task

A billionaire businessman has taken up a thankless job with one of the shortest life expectancies in the world. Rafik Al-Hariri, the prime minister of Lebanon, has set himself the task of rebuilding his war-ravaged country as the financial and trading capital of the Middle East. Back Page

Tobacco and the great outdoors

Austria Tabakwerke, the state-owned tobacco monopoly, is understood to have agreed in principal to buy the Head sports equipment group for about $200m. Annual sales of Head's skis, ski boots and bindings, tennis rackets and shoes and diving equipment are about $400m. Tabakwerke, like other tobacco companies, has been seeking to diversify away from tobacco. Page 14

Blueprint for US futures

A proposed change in US regulations could put the US futures market on a more even footing with the over-the-counter swaps market, at a time when competition between the two markets is intensifying. Page 15

Market Statistics

Companies in this issue

Pirelli close to truce with Continental

By Robert Peston in London and Haig Simonian in Milan

PIRELLI, the Italian tyre company, is close to ceasing hostilities against Continental, after a two and a half year campaign to gain control of its German rival. The Italian company last week agreed in principle to sell its 5 per cent stake in Continental and also to cancel arrangements with corporate allies who control a further 25 per cent.

According to a senior executive involved in negotiations between Pirelli and Continental, attempts are being made to place this combined holding of 30 per cent in Continental with institutional investors.

However the executive stressed that the share sale was not certain, because Pirelli has insisted that the disposal must be made at a premium of around 10 per cent to the market price.

Under the terms of the share sale agreement, if buyers cannot be found for the entire 30 per cent, none of the shares will be sold. Continental's share price was DM208.5 last week, valuing the company at DM1.83bn ($1.12bn).

Continental is being advised by Deutsche Bank, Germany's biggest bank, and Morgan Grenfell, Deutsche's UK merchant banking subsidiary. Morgan and Deutsche's securities arm are leading the process of finding buyers for the shares.

Pirelli has in the past claimed to control more than 40 per cent of Continental shares. It has options giving it the right to buy 30 per cent from allies. In addition, Pirelli also believed that two other holders of Continental shares, controlling 10 per cent, were supporters.

However, Continental believes that a placing of only 30 per cent would end hostilities between the two companies.

Pirelli has made huge losses as a result of its raid on Continental. It and its allies bought their shares when they were priced at more than DM300.

The Italian company's original intention was to force Continental to buy its tyre subsidiary, to create Europe's biggest tyre manufacturer. Continental rejected the merger plan on advice from Morgan.

Since then, the two companies have been locked in legal disputes about whether Pirelli has voting rights over the shares it holds under option.

Continental has been keen to end the dispute because it has absorbed management and financial resources. In addition, Pirelli was able last summer to block Continental's attempts to raise new capital.

Patrick Harverson reports on the process that created Smith Barney Shearson

Brokers on Wall Street bow to a trend

The merger between Smith Barney, the brokerage subsidiary of financial services group Primerica, and the former Shearson broking operations of American Express, has created a formidable new force in the US retail broking industry.

Last week's deal, in which Primerica bought Shearson for $1bn, underlines a trend towards consolidation evident on Wall Street since the early 1980s, but which now may be coming to a close.

As one chairman of a leading Wall Street house said of the merger: "This is the culmination of a process that has been going on since the early 1980s – one more step in the rationalisation of the securities business."

Some 10 or 12 years ago the early phase of consolidation was either about building fully integrated securities houses that could prosper in both the retail and wholesale markets, or creating "financial supermarkets" by bringing securities firms and providers of related services under the umbrella of huge diversified corporations.

Only one large firm, however, succeeded in becoming a big, fully integrated securities house, and that was Merrill Lynch (although on a smaller scale, PaineWebber has built a modest presence in investment banking to go with its retail strengths).

And none of the attempts to create financial supermarkets – notably American Express with Shearson Lehman Brothers, and Sears Roebuck with Dean Witter – succeeded.

It is clear the big corporations that sought to build financial supermarkets paid too much for their securities units in 1980s. When the securities business went sour in 1988-1990, they tried to get rid of them but could not find buyers.

When the industry returned to profitability in 1991, buyers began to emerge. Two parent groups, Sears and American Express, have taken the opportunity to sell part or all their securities units.

Two others, General Electric, which owns Kidder Peabody, and Prudential Insurance, which owns Bache (now called Prudential Securities), may be looking for buyers over the next year or so.

As for those Wall Street firms that failed to make it as integrated houses, ever since the start of the 1990s they have been concentrating on either broking or investment banking.

The creation of Smith Barney Shearson, and the splitting of Shearson from its old investment banking partner Lehman Brothers, is part of a process that has been going on for several years. The merger certainly makes it easier to see how the structure of the US securities industry now looks.

The brokerage business is dominated by a small number of large firms, of which Merrill and Smith Barney Shearson are by far the biggest. Below them come a handful of medium-sized houses, such as PaineWebber, Dean Witter, Prudential and Bear Stearns.

Merrill, however, is different from its nearest rivals in one important respect – it is also a dominant force in investment banking, where it competes with a small band of global investment banking powerhouses such as Goldman Sachs, Morgan Stanley, Salomon Brothers and CS First Boston.

This group concentrates on providing underwriting, financing and advisory services to corporations in the US and overseas.

Below the big brokers and investment banks, come the smaller players – securities firms such as Alex Brown, Donaldson Lufkin and Brown Brothers Harriman, investment banks such as Dillon Read, and finance boutiques such as Blackstone – which thrive by specialising in just a few areas of the securities business.

Among the groupings, Prudential Securities and Kidder Peabody are the odd ones out, because they are still owned by large parents. They have yet to undergo the final part of the consolidation process – a merger or a takeover – and GE and Prudential Insurance would probably sell them at the right price.

Smith Barney Shearson, meanwhile, faces a difficult first year of life. In leaving behind the Lehman Brothers investment banking unit at American Express, Primerica's chairman Mr Sanford Weill made clear he was not interested in building an integrated securities house. Instead, the new firm will concentrate on what Smith Barney and Shearson did best when they were independent – selling stocks to the investing public.

In terms of size, Smith Barney Shearson is not far behind Merrill Lynch. The new company will have 11,000 brokers, 495 branches, and mutual fund assets under management of $62bn. Merrill has 11,500 brokers, 458 branches and $117bn under management. The gap between the two is likely to widen, however, because Mr Weill will have to cut fat from the new operation.

While Smith Barney, under the careful eye of Mr Weill, was generally regarded as trim and efficient, Shearson's cost base had become bloated. In particular, employee compensation was rising faster than productivity. The most common criticism analysts have aimed at the firm has been that Shearson was paying too many people too much money.

Mr Perrin Long, securities industry analyst at First of Michigan, estimates that between 2,000 and 4,000 people could go at the new company, and not all from the cost-laden Shearson.

It is too early to tell how much savings can be wrung from the merger, but Mr Frank Zarb, president of Smith Barney and the newly appointed chief executive of SBS, has said he expects to take between $100m and $200m out of costs in the first few years.

Although he insisted there would be no lay-offs among the company's broking force, analysts cannot see how costs can be cut without shedding some brokers.

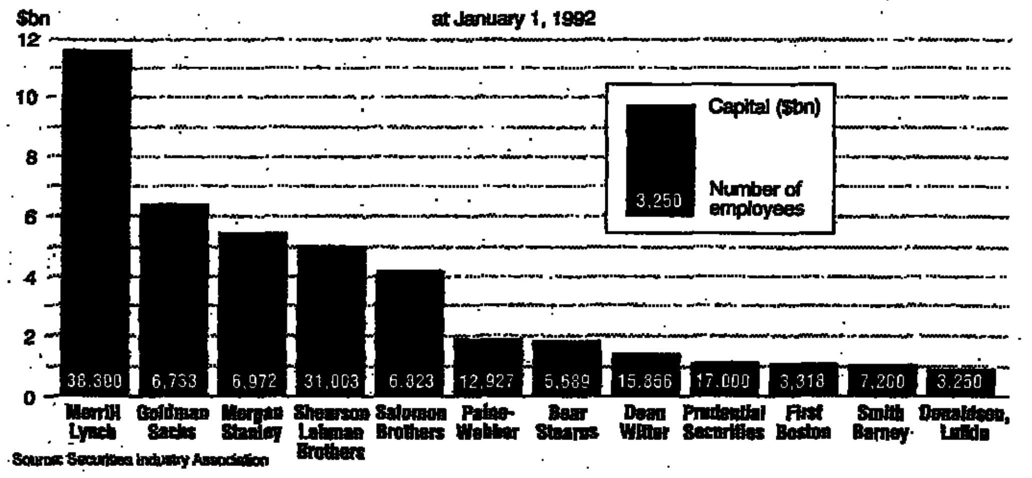
Most of the jobs cuts, however, will come from the back office operations.

But merging the two companies' broking forces will pose human problems. Smith Barney's strength as a broker was in the top end of the market, catering to richer individual investors.

Shearson brokers, however, have always aimed much lower, and have earned a reputation for hard-sell tactics. Yet, in spite of Shearson's more aggressive selling, Smith Barney's brokers have been consistently more productive than Shearson's.

Merging the two cultures, and avoiding the kind of clashes and rivalries that undermined Shearson's alliance with Lehman Brothers, will be one of the most difficult tasks facing Mr Weill and his senior managers over the next year.

How the big brokers shape up



Source: Securities Industry Association

Telegraph directors to decide on Southam stake

By Roland Rudd

MR CONRAD Black, chairman of Hollinger Group and The Telegraph, yesterday said he was confident that independent directors of the UK newspaper group would not change their recommendation to buy a stake in Canada's Southam newspaper group.

The Telegraph's board will meet on Thursday following news that Power Corporation, the Canadian newspaper group, is buying shares in Southam more cheaply than the UK newspaper group.

Some of the Telegraph's independent directors are concerned that Mr Black agreed to Southam's issue of 13m shares to Power at a price of C$14 each, days after they recommended that the Telegraph should pay C$18.10 a share for half of Hollinger's 22.5 per cent stake.

Mr Black said he understood the "sensitivity" surrounding the sale. However, he said that without Power's involvement he could not have "emasculated the so-called poison pill" which effectively prevented Hollinger from increasing its stake above 23.5 per cent in Southam without making a full bid.

Power and Hollinger will now be able to take their combined shareholding up to 47 per cent and to any percentage after two years. Mr Black said Power and Hollinger were "longstanding corporate friends and on occasion allies".

Mr Black believes the poison pill arrangements could have curtailed Hollinger's and The Telegraph's ability to be a constructive influence at Southam. "Somebody had to break the ice" said Mr Black.

After Thursday's board meeting, NM Rothschild, the merchant bank which handled The Telegraph's flotation last summer, will write to shareholders explaining the background to Power's involvement. The Telegraph has rescheduled the extraordinary general meeting, at which shareholders will vote on the purchase, from March 30 to April 5.

Lord Swaythling, an independent director, said: "The Telegraph's purchase of Southam's shares was an excellent deal at the time Hollinger asked us to participate and it is no less of a good deal since Southam's share price fell on news of its results which enabled Power Corporation to pay less for its shares."

Letter, Page 12

A high price to pay for high wages in the east

Economics Notebook

By Judy Dempsey in Berlin

A week ago, German politicians were jubilant about agreeing on a solidarity pact aimed at financing the economic reconstruction of eastern Germany. But a deepening wage dispute in eastern Germany is dampening the euphoria.

IG Metall, Germany's giant engineering trade union, is threatening a strike if its members in the five eastern German states do not receive a 26 per cent pay increase beginning on April 1.

This pay increase stems from a March 1991 contract designed to bring eastern German wages up to the level of their western German counterparts by April 1994 but which the employers are now trying to revoke.

The contract was made between the former communist managers of east German industry, Gesamtmetall, the west German employers association, and IG Metall. For political reasons, the managers wanted high wages for its employees, regardless of the cost.

The west German employers saw high wages as a way of preventing eastern Germany from posing any serious competition for western German companies.

But the agreement failed to take into account the very different levels of productivity in the two economies. Today, eastern German wages are about 70 per cent of western German levels, but productivity in the steel, engineering, and electrical sectors is 70 per cent below western German levels.

The result is that unit labour costs in the east are already 80 per cent above western German levels. Economic forecasts for 1993 show that eastern Germany's gross domestic product will total DM201bn ($123bn), while the wage bill will exceed DM248bn. In western Germany, GDP for this year is estimated to be DM2,223bn, and wages around DM1,555bn.

Gesamtmetall has realised its error and is now trying to pull out of the contract, invoking a revision clause giving it the right to do so in view of the deteriorating economic conditions in eastern Germany. It is prepared to offer a 9 per cent increase.

IG Metall is now threatening to call an all-out strike on April 1 and has already staged a series of warning strikes throughout the region.

Mr Heiner Flassbeck, a senior economist at DIW, the German Institute for Economic Research in Berlin, says that the chance of the emergence of a strong, and vibrant mittelstand, the small and medium-sized companies which formed the backbone of the western German economy, is unlikely to prosper if unit labour costs continue to rise.

A report published by the DIW shows that, in a survey of 3,200 privatised eastern German enterprises, 60 per cent have serious competitive problems.

Many are not generating profits largely because, as the graph shows, in eastern Germany there is hardly any gap between the labour costs and productivity per hour. This means that existing enterprises are not in a position to invest, let alone think of expanding, while the obstacles to new small enterprises are high.

"These enterprises face external and internal pressures," says Mr Flassbeck.

"The external pressure is from the Bundesbank. Interest rates are still too high. Banks will not lend to these enterprises because they are strapped for cashflow. The internal pressure is from IG Metall. Wages are too high," he added.

Mr Flassbeck argues that a 26 per cent rise will deter foreign (and western German) investment, and prevent investment by the new eastern German enterprises.

IG Metall says that if it caves into the employers and accepts a 9 per cent rise, the employers will have won the first round in their attempts to undermine Germany's collective wage bargaining system.

It also argues that it wants a 26 per cent increase for its members because eastern Germans have to pay western German prices for most items.

The chemical and energy and utilities sectors in eastern Germany, however, have settled for 9 per cent.

IG Metall also knows that if its members are afterwards made redundant they will obtain more unemployment benefit because benefits are linked to wage levels.

Yet the 1.2m already unemployed in eastern Germany will not benefit in any way from a 26 per cent increase. The already massive cuts in east German employment largely explains why productivity in eastern Germany rose at a rate of 60 per cent from the beginning of the first quarter of 1991 to the last quarter of 1992.

Economists at DIW believe that IG Metall's high wage demands will mean that the sacrifices of the unemployed in eastern Germany will have been made in vain: they have no chance of getting work because money saved from their jobs, instead of being invested, will have been soaked up by wages.

IG Metall might yet be prepared to compromise by putting back the timetable towards income parity in return for job guarantees and/or subsidies for its members who work in enterprises which are not yet privatised.

Its members fear for their jobs and do not have the stomach for a strike. But any compromise will be useless if it fails to give the fledgling enterprises in eastern Germany an opportunity to start allowing wages to lag behind productivity costs which would then give them a chance to invest and compete.

German labour costs

Source: DIW

Kuwait may cut back independence of KIO

By Peter Bruce in Madrid

THE Kuwaiti government met yesterday to discuss proposals to merge the London-based Kuwait Investment Office (KIO) with its parent institution in Kuwait, the Kuwait Investment Authority (KIA).

Mr Abdulla al-Rhodan, the finance minister, has nominated the KIO president, Mr Ali Rashaid al-Badr, to become chief of both organisations and centralise decision-making in Kuwait.

The proposal, if successful, could reduce the independence of the KIO and undermine the positions of many of its non-Kuwaiti investment staff. The KIO is already considering making redundancies at its London headquarters.

The KIO's $60bn investment portfolio was cut to less than $20bn by the costs of the Gulf War.

Analysts believe the efforts to merge the KIO into the KIA is a direct attack on the power of the Kuwaiti prime minister and Crown Prince, Sa'ad al-Sabah.

A public campaign run by the new management of the KIO has convinced Kuwaitis that former KIO managers lost or mismanaged up to $5bn in Spain.

Although the scandal has strengthened critics of the Crown Prince, it is not clear how quickly Mr al-Rhodan could push through his proposals.

Mr Abdullah al-Gabandi, managing director of the KIA and protégé of the Crown Prince, is understood to have still two years of his term to run.

Barclays new loan procedures

By Robert Peston and Vanessa Houlder

BARCLAYS, the UK's biggest bank, is making senior executives personally responsible for their mistakes when making big corporate loans, following the £240m losses which it made on £422m of loans to Imry, the troubled property group.

The change in lending procedures emerged as Chester Holdings, Imry's parent company, disclosed that it had a deficit on shareholders' funds of £357.6m on March 31 1992.

These losses were in part absorbed by holders of Chester's subordinated loan stock totalling £161m. However, Barclays was forced to write off £197m from its loans to the group and has made additional provisions to cover possible further losses.

Accounts filed at companies house also show that Chester made a pre tax loss of £105m last year and an after tax loss of £158m.

Barclays exposure to Imry stems from its 1989 loan of £214m to Marketchief, a financial vehicle which acquired Imry in a leveraged buy-out.

That loan was intended as a bridging facility. However, Marketchief was unable to pay it off as quickly as hoped, so in the middle of 1991 Barclays decided to put in place a longer term facility.

A banker said yesterday that the security given on the original loan was inadequate. Barclays wanted to secure an improved charge over Imry's assets when making the new longer term loan, but was prevented by the terms of a £175m "club" loan from a group of banks to a separate Imry arm, called Imry Merchant Developers.

Barclays decided it was vital to take an improved charge over the assets, so it took the unusual step of lending a further £199m to pay off the £175m club loan. The club was led by Bank of Scotland, Barclays, Hill Samuel, National Westminster, Bankers Trust, Citibank and Midland, each of who provided £18.5m.

A club member yesterday described Barclays actions as providing "manna from heaven". The club, whose agent was Citicorp, was in a powerful position when negotiating with Barclays because a condition of the club loan was that it became immediately repayable if there was a change of control of Imry - and the financial reconstruction of Marketchief amounted to a change of control.

A banker said that Barclays has subsequently punished executives involved in the original Marketchief loan. However he added that assigning responsibility for the Imry mistakes was difficult, because at least ten executives had been involved in the lending decision, including three directors whose rank was just below that of the main board.

So Barclays has now instituted a new system for approving big corporate loans. No matter how many Barclays employees are involved in the process of making a loan, there will always be one senior executive who takes personal responsibility for the loan.

Bitter meeting for Clark on bids

By Peggy Hollinger

THE BOARD of C&J Clark the family held shoe manufacturer riven by shareholder dissention, faces a potentially acrimonious meeting today as it attempts to decide which of three bids for the company it will recommend.

Berisford, the commodity and property group, tabled its formal offer on Friday, thought to value Clark's at about £160m. It is believed to be an all-share offer, underwritten for cash.

The bid is conditional on approval from a majority of the nine-strong board and the grant of exclusive due diligence rights to Berisford.

Fii is believed to be offering a similar deal, which values Clark's at about £140m.

Finally, an investment consortium comprising existing institutional shareholders and backed by Electra Investment Trust, is thought to have offered about £2 a share, or £154m.

A member of the Clark family, which owns or controls 80 per cent of the company, said he was opposed to the planned sale. It is believed that a group of family members is seeking to co-ordinate opposition to the sale at the AGM later this month.

"My concern is that it (a sale) is being presented as something which has been agreed by the company – which it has not," he said.

The extraordinary general meeting in October had agreed only to determine the best price for Clark's, following a bid approach backed by Electra. The board had also promised to investigate options for those who wanted to sell their shares.

The dissident shareholder said that an outright sale of Clark's had "very little to do with the interests of the company."

"Furthermore, he added, "the current prices being talked about are terribly low." Even if the family wanted to dispose of the company, he said "it seems a crazy time to sell".

At least 40 per cent of the family shareholders are thought to oppose the sale of Clark's. Four members of the nine-strong board – who are also of the Clark family and sought to unseat the chairman and a director last year – are likely to object to the sale. At least two of the bidders have indicated that some or all of the management at Clark's would remain.

Austria Tabak poised to buy Head sports group

By Ian Rodger in Zurich

AUSTRIA Tabakwerke, the state-owned tobacco monopoly, is understood to have agreed in principle to buy the Head sports equipment group for about $200m.

The monopoly, like other tobacco companies, has been seeking to diversify away from its dependence on tobacco, partly because of health concerns.

Tabakwerke will also have to give up its monopoly position as a result of Austria joining the European Economic Area (EEA), the enlarged free-trade area being created this year by the countries of the European Community and most of those in the European Free Trade Association.

Head is a leading international sports equipment group that specialises in making skis, ski boots and bindings, tennis rackets and shoes and diving equipment. Annual sales are about $400m.

The group was the subject of a leveraged buyout in early 1989, which was arranged by the Los Angeles merchant banking group Freeman Spogli and financed largely by Sumitomo Bank of Japan and Creditanstalt of Austria.

The shareholder group was led by Lowe Finance of Geneva.

The terms of that deal provided for roughly $285m of debt to be supported by only $50m in equity.

It is understood that while Head has performed well, the leverage in the capital structure has proven too great.

The desire of Sumitomo Bank to reduce its international lending exposure also contributed to the decision by the shareholders to sell.

Austria Tabakwerke said it could not confirm that it was purchasing Head.

"We are in the midst of discussions with various parties and nothing has been settled yet," a spokesman said.

Spring Ram chairman under pressure

By Roland Rudd

MR BILL ROONEY, chairman and chief executive of Spring Ram, the kitchens and bathrooms company, is under pressure to relinquish one of his two posts.

Some institutional shareholders believe Mr Rooney must take some of the blame for the recent surprise profits warning.

A financier close to the group said: "There is a question mark over Mr Rooney's role.

"I think it will be very difficult for him to stay as chairman and chief executive."

The company's directors, and advisers NM Rothschild and Panmure Gordon, have made it clear that they will be listening to what shareholders have to say at today's presentation of its results.

Last week the company said the 1992 pre-tax figure would be not less than £26m, down from a restated £36.2m in 1991. Analysts had predicted £37m to £40m.

The directors will decide shortly after today's meeting whether to seek a replacement for Mr Stuart Greenword, finance director, and the company's auditors, Arthur Andersen.

A number of big shareholders have already told the company that Mr Greenword's position has become untenable.

One said: "It is not just that pre-tax profits will be far less than we thought. We are talking about a serious breakdown in communications between the company and its shareholders, which has happened once too often."

Spring Ram's profit warning followed haggling with its auditors over the implementation of more conservative accounting principles.

Some Spring Ram directors feel its auditors were too conservative in its accounting methods in order to counteract the damage of last year's revelation of false accounting at its Balterley Bathrooms subsidiary.

Fila plans flotation on NYSE

By Haig Simonian in Milan

FILA, the Italian sportswear group indirectly controlled by Fiat, is set to become the second Italian company to shun the domestic stock market and float shares directly in New York.

The company is negotiating with US regulators and bankers for a flotation on the New York Stock Exchange, following a path beaten in 1990 by Luxottica, the spectacle frames group.

The decision to by-pass Milan and list in New York reflects Fila's growing penetration of the US market, where sales of its sports shoes have risen sharply to put it in third place behind Nike and Reebok, and ahead of Adidas.

The company, which was in poor financial health as recently as the mid-1980s, has made a remarkable recovery. Operating profits rose by 124 per cent to L75bn ($47.5m) last year, while sales reached L500.2bn, up from L271bn in 1991. Turnover of the group, based in Biella in northern Italy, is forecast to grow to over L660bn this year.

Fila was controlled by Fiat's Snia-BPD textiles and chemicals subsidiary until 1988, when Snia-BPD sold for L62bn its 80 per cent stake to Gemina, in which Fiat is the major shareholder. The remaining shares were acquired from private shareholders. Gemina is an investment and financial services group controlled by leading north Italian business families and dominated by Fiat.

Much of Fila's recent growth has stemmed from its expansion into sports shoes, which last year accounted for more than 60 per cent of sales. In Europe, the company is still better known for its up-market sports and ski apparel.

The Fila flotation may be swiftly followed by that of Natuzzi, a south Italian furniture maker, in which Gemina has a 20 per cent stake. The company is Italy's biggest maker of high-quality leather furnishings.

Stagecoach tag could exceed £120m

By James Buxton, Scottish Correspondent

STAGECOACH, the Perth-based company which operates bus services all over the UK and in Kenya, Malawi and New Zealand, is planning to raise £20.6m through a Stock Exchange flotation next month which could value the company at more than £120m.

The company, which has expanded rapidly through the acquisition of privatised bus companies in the UK and abroad, is forecasting pre-tax profits of £12.8m for the year to April 30 1993, up from £8.24m on continuing operations in 1992. Turnover was £104.3m for the 36 weeks to January 9 1993, compared with full year turnover of £131.4m in 1992.

The pathfinder prospectus for the flotation is issued today. The sponsor is Noble Grossart, Edinburgh merchant bank, and stockbroker UBS Philips & Drew.

Analysts believe the shares could command a price earnings ratio of between 13.5 and 14.52. They believe the company would be valued at over £120m.

Brian Souter: other acquisitions identified

After flotation, which will lead to borrowings of about £20.6m being replaced by equity, Stagecoach will save about £2m in interest charges, which will raise the forecast earnings per share from the 7.8p stated to about 9.3p. After flotation Stagecoach will have net assets of £43m.

The company says it has identified possible acquisitions among the 32 remaining municipal bus operators and the 10 operating companies in London Buses which the government plans to privatise.

Mr Brian Souter, 38, the chairman, and his sister Ann Gloag, 50, managing director, who founded Stagecoach in 1980, are expected to sell shares worth about £13m but will still end up owning more than 50 per cent of the company.

Eight Scottish institutions which own convertible preference shares would end up owning 13 per cent of the equity if they convert all their shares but are also expected to make some realisations.

Some 18 per cent of Stagecoach's 11,000 staff own shares, which if held will lead to them owning about five per cent of the company.

The price should be announced on April 6. The offer will close on April 16 with dealings beginning on April 20. Prospectuses can be obtained by dialling 0645 100640.

Buffett predicts lower returns from US stock market over next decade

By Martin Dickson in New York

INVESTMENT in the US stock market over the next 10 years will not be so lucrative as in the previous decade, according to Mr Warren Buffett, one of the nation's most celebrated investment gurus.

Mr Buffett, chairman of the Omaha-based investment group Berkshire Hathaway, says in his annual letter to shareholders: "The return over the next decade from an investment in the Standard & Poor's index will be far less than that of the last decade."

He says the reason is that increases in stock prices have for a long time been ahead of growth in corporate earnings.

"It is clear that stocks cannot forever out-perform their underlying businesses, as they have so dramatically for some time, and that fact makes us quite confident of our forecast that the rewards from investing over the next decade will be significantly smaller than they were in the last."

Mr Buffett's folksy letter repeats some of his investing precepts, including sticking to businesses "we believe we understand. That means they must be relatively simple and stable in character. If a business is complex or subject to constant change, we're not smart enough to predict future cash-flows."

Warren Buffett: says investors should avoid new share issues

He also advises avoiding new share issues, arguing that "an intelligent investor will do better in the secondary market."

The new-issue market, according to Mr Buffett, "is ruled by controlling stockholders and corporations, who can usually select the timing of the offerings or, if the market looks unfavourable, can avoid an offering altogether.

"Understandably, these sellers are not going to offer any bargains."

Codan in talks with Baltica

By Hilary Barnes in Copenhagen

CODAN, the Danish insurer controlled by Sun Alliance of the UK, is understood to be in discussion with Baltica, the country's biggest insurer, for the acquisition of all or part of Baltica's insurance operations.

Shares in Baltica Holding and Baltica Insurance were suspended on Friday, when the board said that new negotiations for a long-term solution to the group's financial situation were taking place.

It is understood that the acquisition by Codan is one of the options under consideration. Analysts estimate the price for Baltica's insurance operations at between DKr6bn and DKr10bn ($1.6bn).

Baltica acquired a DKr3.5bn tax-loss deduction when it bought the former state-controlled life assurance and pension group Statsanstalten (subsequently renamed Danica) from the government three years ago. Large losses, however, have prevented Baltica from making use of the tax-loss deduction, which could be of interest to Codan, the most profitable of the larger Danish insurers.

The major shareholders in Baltica Holding are France's Suez group, the Danish ATP national pension fund, the mutual fire insurer Kobstaedernes Almindelige Brandforsikring, and Hafnia, Baltica's domestic rival which suspended payments last August.

Channel Hldgs expands its security side

By Jean Marshall

Channel Holdings, the former investment company known as Channel Tunnel Investments, is taking a further step in transforming itself into an industrial group with the acquisition of CQR, a security alarm maker, from Expamet International, for £1.72m in cash.

Because of the size of the transaction CH requested a halt to dealings in the company's shares on Friday. They stood at 25p.

Under the deal Channel has also agreed to procure that CQR repays £2.08m inter-company debt to Expamet. Also, on completion, CQR will repay a £647,000 loan to Expamet from its own resources.

To finance the acquisition Channel proposes to raise about £4.1m by way of a placing of 8.74m new ordinary shares and a rights issue of 9.09m new ordinary, both at 23p per share. The rights will be on the basis of 3-for-5 ordinary and 3-for-1 preference shares.

This acquisition follows the purchase of Carflow Products last August.

Fenchurch Group seeks listing

By Christopher Price

A GROWING market share and optimism over prospects for the London insurance market were among the reasons given yesterday by Fenchurch Group for its plans to seek a stock market listing, probably early next year.

Insurance analysts estimate it could be worth up to £80m.

Fenchurch, which specialises in insurance broking and as Lloyd's agent, was bought by management in 1989 from GPG for £36m.

Its former chairman, Mr Geoffrey Knight, who led the MBO team, retired last week to be succeeded by Mr Rupert Hambro.

Profits fell last year from £7.2m to £5.45m, but Mr Roger Earl, the group's managing director, said these reflected the start-up costs of the group's expanding activities.

"We have laid the foundations in the past year for revenue earners which should come through to the balance sheet in the next 12 months. The signs are very encouraging", he said.

Last month, Fenchurch won the contract to insure the former Soviet Union's trading fleet.

The contract for the 117-strong Sovconflot, one of the biggest commercial fleets in the world, was worth a "high six-figure number", according to Mr Earl, and complemented similar business deals struck in Cuba and North Korea.

Fenchurch has also opened offices in the past year in Germany, Switzerland and a management consultancy in Texas, as well as additions to the group's core operations in London.

All businesses were now operating in the black, said Mr Earl.

He added that the group's debt of £21m would be reduced significantly with the proceeds from the flotation.

It would also give Fenchurch the chance to pay its first dividend to the 250 shareholders among its 550 staff.

Irish Govt may come to the aid of GPA

By Tim Coone in Dublin

The Irish government is considering helping GPA, the financially-troubled aircraft leasing group, by taking a stake in the company worth around I£10m–I£15m.

GPA has to find buyers for a $200m convertible share issue by this time next month to ensure its continued survival.

According to reliable business and government sources in Dublin, talks are underway between GPA and the Shannon Development Authority, a regional development agency in the west of Ireland, where the GPA headquarters is based, to buy an equity stake in the company.

It is thought that the development agency is considering buying up to 10 per cent of the new share issue.

A spokesman for GPA said yesterday "There are a lot of negotiations going on with existing shareholders and potential new investors."

GPA has some $5.5bn in debts and has been in difficulties since its aborted flotation last June.

£32m buy-out at Lombard Continental

By Christopher Price

LOMBARD Continental Insurance, the provincial insurance arm of US group Continental Insurance Company, is to be bought by its management for £32m.

The new company will begin trading in June and includes all the incumbent senior management currently responsible for the provincial business.

In 1992, Lombard Continental had gross premium income of £70m – 65 per cent of which came from personal insurance.

Mr Andrew Laing, the new managing director, said: "Our business will continue to focus on the provincial insurance market. The current hardening of rates in the insurance market and our selective underwriting policy provide us with every opportunity to develop our business successfully."

Mr Laing added that an independent chairman was presently being sought. Two non-executive directors are also to be appointed, one of which is to be a nominee for Electra Kingsway, the lead investor in the venture.

Other institutional investors include Phoenix Development Capital Fund, Bank of Boston and Brown Shipley Venture Managers.

Italian telecoms group profits steady at L133bn

By Haig Simonian

ITALTEL, the Italian state-controlled telecommunications equipment group, reported virtually unchanged net profits of L133.2bn ($8.4m) against L132.5bn the previous year.

Earnings would have been higher but for a substantial increase in tax to L128.5bn from L101.3bn in 1991 and a sharp rise in one-off payments for early retirement, which reached L61.5bn against L37.8bn in 1991. Sales rose 7.7 per cent to L2,978.4bn, undimmed by a 6.4 per cent fall in average prices as part of cuts in the cost of Italian telecommunications equipment.

Considerable uncertainty still surrounds the future industrial strategy of Italtel, which is controlled by the Stet telecommunications holding company.

Although AT&T, the big US telecoms group, retains a 20 per cent stake, Stet is known to be in talks with several multinational telecoms groups over the possibility of buying shares in Italtel, in an attempt to achieve economies of scale and widen access to technology.

Celsius posts 7% rise to SKr545m

CELSIUS, the Swedish state-owned defence group now being privatised, increased 1992 profits by 7 per cent to SKr545m ($7.1m) from SKr507m, writes Christopher Brown-Humes in Stockholm. The group said its order book at year-end totalled SKr19.5bn, SKr1bn more than at the end of 1991. Its recent purchase of Nobel Industries' defence electronics activities has increased this total to SKr26bn.

CROSS BORDER M&A DEALS				
BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
The Telegraph (UK)	Southam (Canada)	Newspapers	£72.3	Recommending stake purchase
Amersham International (UK)	United States Biochemical (US)	Biotechnology	£48m	Strategic purchase
Pentland Group (UK)	Woods Wire (US)	Cables	£28m	Cash + debt deal
Inchcape (UK)	Reverberi (Switzerland)	Vehicle distribution	£19.2	Continuing buys in sector
Energy Development Corp (US)	Brabant Resources (UK)	Oil & gas	£9.8m	White knight emerges
Scapa Group (UK)	SABA (France)	Adhesives	£5m	Cash buy from Canning
Sandoz Chemicals (US)	Unit of Cookson Group (UK)	Colour concentrates	n/a	Non-core disposal
Credit Lyonnais (France)	Banco de Lima (Peru)	Banking	n/a	Control regained
Avon Rubber(UK)/ Investor Group (Saudi Arabia)	Joint venture	Tyres	£100m	Manufacturing venture
Haeco (Hong Kong)/ CXIC (China)	Tamco (JV)	Aircraft maintenance	£45m	Xiamen-based venture

VME plunges to $94m net loss

By Andrew Baxter

VME, one of the world's largest producers of construction equipment, plunged to a net loss of $94m last year due to a recession described by Mr Tuve Johannesson, president and chief executive, as "unprecedented in modern times".

The loss at the Brussels-based company compares with a deficit of $45m in 1991, but includes one-time costs of $19m related mainly to restructuring in North America.

Sales slipped slightly to $1.36bn from $1.39bn

VME's two parent companies, Volvo of Sweden and Clark Equipment of the US, pumped in a total of $100m last year to support the company. But Mr Johannesson, in an interview, said VME's balance sheet was strong.

The group had also recently arranged a club deal with a group of German, Belgian and Swedish banks that, over time, would be very advantageous for the company.

"Fundamentally, we are in good shape, and I am optimistic in a reserved way," Mr Johannesson said.

This year's result would be considerably better than 1992's, even though VME is budgeting for a further 8 to 10 per cent fall in volumes.

Mr Johannesson said that heavy rationalisation over the past three years, together with big improvements in productivity and manufacturing processes, would help VME achieve the improved result.

Employment at the group, which was formed in 1985, has fallen from 10,400 in 1990 to 6,600.

By the end of this year, with the closure of the St Thomas plant in Ontario this summer, it will reach 6,000.

Apart from a general reduction in volumes on leading markets, price competition and restructuring costs, VME's performance last year was also affected by currency factors.

The company produces 65 per cent of its equipment in Sweden, and the krone was "strongly overvalued" until the devaluation in November, said the VME chief.

INTERNATIONAL BONDS

Eurosterling issues on course for a bumper year

EXPECTATIONS of a flood of Eurosterling issues in the international bond market have been fulfilled during the last few weeks, and the rush does not appear to be over yet.

According to the new international bond issues tables published daily by the Financial Times, volume of new sterling Eurobond issues so far this year has reached £8.1bn, compared with just under £3bn at the same stage last year, when UK bond yields were significantly higher.

In view of the prolific start to the year, last year's total of £13.7bn of new sterling Eurobond issues looks an easy target to beat. Syndicate managers believe that a total of between £16bn and £20bn could be raised in the international bond market by the end of 1993.

The overriding reason for the high new-issue activity in this sector is clearly the fall in UK interest rates to their lowest level since the 1970s.

This has prompted an increasing number of foreign and domestic issuers to take out fixed-rate borrowings at what they regard as attractive, absolute levels. The Eurosterling sector has also offered attractive interest-rate swap opportunities to borrowers, especially at the shorter end of the yield curve.

At the same time, there has been a marked increase in demand from domestic investors for fixed-income instruments that offer higher yields than short-term cash deposits.

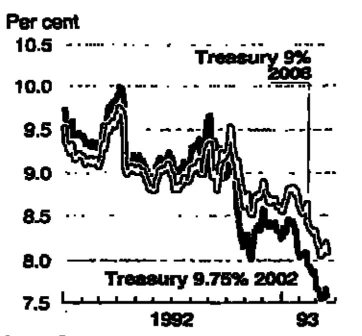
In addition, an improving outlook for the UK economy, together with sterling's recent recovery on the foreign exchanges, has whetted the appetite of international investors for sterling-denominated paper. "The time is right for borrowers and for investors," said one syndicate manager.

Several of the sterling-denominated deals rumoured in the market have surfaced. British Gas tapped the market for £400m, followed by Abbey National, which raised £650m of 10-year Eurobonds – a record for a single Eurosterling transaction. Last week, the Republic of Finland launched its £500m, 10-year Eurobond issue.

However, syndicate managers expect more non-sovereign borrowers to tap the market before the Easter break, encouraged by the strength of the UK government bond market in the wake of the UK Budget and the latest reduction in German interest rates.

A significant portion of the sterling-denominated paper issued so far this year has been raised by financial institutions looking to bolster their capital base.

UK Benchmark bond yields



Source: Datastream

This trend continued last week, as HSBC Holdings and Lloyds Bank both launched long-dated subordinated Eurobond issues, of £250m and £200m respectively. Both deals were well-received by the market, resulting in a tightening in the yield spreads over comparable gilts on these issues.

Continued demand from investors for high-yielding, long-dated paper has fuelled speculation that the other two UK clearing banks, Barclays and National Westminster, will launch similar deals in the near future.

Corporate issuers are also said to be closely studying the Eurosterling market, especially now that the 1992 corporate reporting season is almost at a close.

Mr Frank Kennedy, sterling bond analyst at S.G. Warburg Securities, notes that investor demand for non-gilt sterling paper has contributed to the sharp drop in the yield spread that corporate borrowers have to pay over gilts.

According to S.G. Warburg Securities' corporate unsecured index, the spread over gilts for maturities of 10 years or more has fallen from 153 basis points at the end of 1992 to 130 basis points at the end of last week.

"The performance from non-gilt sterling paper has been very strong, but investors still find the spread attractive," says Mr Kennedy.

He warns that the level of corporate borrowing this year may fall short of the market's expectations, in spite of hopes for an economic upturn. Furthermore, some corporate treasurers may hold out a little longer, especially if they believe that interest rates have further to fall.

Nevertheless, there is general agreement among syndicate managers that the sterling sector will be much more active and profitable in 1993 than it was last year.

It is too early to say which house will get the biggest slice of the action, and the volume figures so far this year are to a certain extent distorted by the large transactions mentioned earlier. But those volume figures still make interesting reading.

At the end of last week, S.G. Warburg Securities was in the lead, with £1.4bn, or around 17 per cent of the volume, followed by CSFB with around 14 per cent and Samuel Montagu with 13 per cent.

But the real surprise is Goldman Sachs, which has appeared from virtually nowhere (it arranged a modest £350m of sterling Eurobond issues last year) to fourth place in the sterling league table, with £930m, or 11.5 per cent of volume so far in 1993.

Goldman Sachs is the only US house with a significant presence to date in the sterling primary market. It has also raised its profile by jointly arranging the deals for British Gas, Abbey National and Lloyds Bank.

Mr Michael Sherwood, head of syndicate at Goldman Sachs, attributes this achievement to the house's strategy of developing its secondary market trading before going into the primary market. "We now feel very comfortable in the primary market," he says.

Antonia Sharpe

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Toyo Engineering Corp.(b)ф	200	Mar.1997	4	1.875	100	Yamaichi Intl.(Europe)	-
Ryobi(c)ф	100	Mar.1998	5	2.75	100	Nomura International	-
Province of Quebec(d)‡	100	Apr.2003	10	(d)	100	Deutsche Bk.London	-
EBRD(e)‡	100	Apr.2000	7	(e)	99.875	Merrill Lynch Intl.	-
Nippon Yusen KK(f)ф	100	Apr.1997	4	(f)	100	Nikko Europe	-
African Development Bank	500	Apr.2023	30	7.375	98.56	G.Sachs/Lehman Bros.	7.497
BAT Capital Corporation	400	Apr.1998	5	6	101.095	CSFB	5.742
Keisei Electric Railway(l)ф	200	Apr.1997	4	1.625	100	Nomura International	-
ABN Amro Bank(m)‡	100	Apr.2005	12	(m)	99.625	Lehman Brothers Intl.	-
LB Schleswig Holstein, Lux.	250	Apr.1996	3	4.625	101.125	Daiwa/ UBS P&D	4.218
Natl.Health Investors(q)§	87.2	Apr.1998	5.02	7.375	100	NatWest Securities	-
WestLB Fin.Curacao(v)‡	150	Mar.2003	10	(v)	100	Merrill Lynch Intl.	-
Bankers Trust NY Corp.(w)‡	100	Apr.2005	12	(w)	100	Kidder Peabody Intl.	-
YEN							
Fuji Bank Intl.Finance(g)‡#	35bn	(g)	(g)	(g)	100	Fuji Intl.Finance	-
Fuji Bank Intl.Finance(h)♦	15bn	(h)	(h)	(h)	100	Yamaichi Intl.(Europe)	-
D-MARKS							
KfW Intl.Finance USA	1.5bn	Apr.2003	10	6.625	101.475	Dresdner Bank	6.421
Kingdom of Denmark	700	Apr.1998	5	6.125	101.375	WestLB	5.800
Depfa(i)‡	400	Apr.2003	10	(i)	100	Trinkaus & Burkhardt	-
Helaba Luxembourg	100	Apr.1998	5	6	99.8	Helaba	6.048
Deutsche Fin.(Neths.)(r)‡	200	Apr.2003	10	(r)	100.95	Deutsche Bank	-
LB Schles.Holstein,Lux(s)‡	50	Mar.2003	10	(s)	101.195	Morgan Stanley	-
FRENCH FRANCS							
CCF(j)‡	500	Apr.1998	5	(j)	101.525	CCF	-
Crédit Local de France(t)‡	750	Apr.2000	7	(t)	100	CCF	-
STERLING							
Euro.Coal & Steel Comm.(k)	20	May.2017	24.15	9.875	109.484	BZW	8.902
HSBC Holdings(n)	200	Apr.2018	25	9.875	98.692	Samuel Montagu	10.029
Republic of Finland	500	Apr.2003	10	8	99.125	CSFB/ SG Warburg	8.131
HSBC Holdings(n,u)	50	Apr.2018	25	9.875	99.022	Samuel Montagu	9.990
Lloyds Bank	200	Apr.2023	30	9.625	101.854	G.Sachs/ SG Warburg	9.437
CANADIAN DOLLARS							
Finnish Export Credit(p)	25	Oct.1998	5.5	7.75	100.95	Hambros Bank	7.517
Deutsche Finance (Neths.)	300	Apr.1998	5	7.125	100.193	Deutsche Bk.London	7.078
Bell Canada	200	Apr.1998	5	7.875	101.85	UBS P&D/Wood Gundy	7.419
ITALIAN LIRA							
LKB Baden-Wurt'berg Fin.	200bn	Apr.2003	10	10.75	101.15	BAI Milan	10.558
Commerzbank O'seas, Cur.	150bn	Apr.2000	7	10.8	101.75	IMI Bank Luxembourg	10.435
SWISS FRANCS							
Nihon Kohden Corp.(a)*ф	70	Mar.1997	4	1	100	Yamaichi Bank (Switz.)	-
SNCF	300	Apr.2001	8	4.5	101.375	UBS	4.293
Bk.for Dutch Municipalities	150	May.2001	8	4.75	102.75	Swiss Bank Corp.	4.336
CCCIF(o)	75	Apr.2003	10	5	102	CEG Geneva	4.744
LUXEMBOURG FRANCS							
Arbed	1.5bn	Apr.2000	7	8.125	102	BIL	7.744

Final terms and non-callable unless stated. *Private placement. §Convertible. фWith equity warrants. ‡Floating rate note. ♦Variable rate note. #Semi-annual coupon. a) Denom.: SFr50,000 + 50 warrants. Exercise price. Y1446 FX: 78.63Y/SFr b) Denom.: $10,000 + 2 warrants. Exercise price: Y840.9, ex 1.1 for 1 split. FX. 119.25Y/$. c) Denom.: $5,000 + 1 warrant. Exercise price: Y580 FX. 119.25Y/$. d) Coupon pays 6-month Libor - 0.25%; minimum 5.25%, maximum 8% e) Coupon pays (0.5 * the 10-year CMT) + 1.5%; minimum 5%, maximum 28% f) Final terms fixed on 23/3/93 g) Perpetual subordinated issue. Coupon pays the long-term prime rate - 0.1% for first 5 years, + 0.1% for years 6-10 and + 0.6% thereafter. Callable on any interest payment date from Mar.98 at par h) Perpetual subordinated issue. First coupon is 3-month Libor + 0.75%, thereafter coupon pays 3-month Libor + agreed margin. If not agreed the following margins apply: + 0.95% for first 5 years, + 1.25% for years 6-10 and + 1.95% thereafter. Callable after 5 years. Puttable on any interest payment date, when coupon has been agreed, at par i) Coupon pays 9.5% fixed annual in first year and 12.25% - 6-month Libor thereafter. j) Coupon pays 8.75% fixed annual for first year and 14% - 6-month Pibor thereafter. k) Fungible on 26/5/93 with the outstanding £80m. l) Final terms fixed on 24/3/93. m) Coupon pays 6-month Libor - 0.125%; minimum 5.125%, maximum 8% n) Callable after 5 years at a yield equivalent to the 9% gilt due 2012 and after the 2013 coupon date at a yield equivalent to the then current 5-year benchmark gilt. Callable on 2013 coupon date at par after which the coupon will be reset at the higher of the initial coupon or the annualised rate on the then 5-year benchmark gilt + 2.5%. o) Borrowers full name: Caisse Centrale du Crédit Immobilier de France. p) Fungible with the outstanding C$100m launched on 19/2/93. q) Conversion price: $27.25. Closing price: $27.75 Callable from 1/4/96 at par. r) Coupon pays 7.5% fixed annual in first 2 years and 12.25% - 6-month Libor thereafter. s) Issue launched on 10/3/93 was increased to DM150m. Coupon pays 7.75% fixed annual in first year and 12.25% - 6-month Libor thereafter t) Coupon pays 9% fixed annual in first year and 13.75% - 6-month Pibor thereafter. u) Issue launched on Tuesday was increased to £250m. v) Coupon pays 6-month month Libor - 0.25%; minimum 5%, maximum 8%. w) Coupon pays 6-month Libor - 0.125%; minimum 5%, maximum 9% Note: Yields calculated on ISMA basis.

RISK AND REWARD

Regulators offer blueprint for US futures industry

A PROPOSED change in US regulations could put the US futures market on a more even footing with the over-the-counter swaps market, at a time when competition between the two markets is intensifying. US futures exchanges also hope that a more liberal environment will help stem their loss of market share to European exchanges.

Last week, Mr William Albrecht, acting chairman of the Commodity Futures Trading Commission (CFTC), which regulates futures trading, put forward ambitious proposals for the liberalisation of rules governing US futures exchanges. Speaking at the annual Futures Industry Association conference in Boca Raton, Florida, Mr Albrecht said he had asked the CFTC's staff to draft a proposed rule that exchange products traded on electronic systems and used by institutional investors should be exempt from most CFTC regulations.

This would mean that, apart from rules governing manipulation and fraud, exchanges meeting these requirements would not have to seek CFTC approval for new contracts, rule changes, and so on.

In practice, it would allow exchanges to enter part of the territory currently controlled by the OTC market. In particular, it would make it easier for them to break into the $4,000bn swaps market.

US exchange officials tend to have a rather ambivalent attitude to the swaps market.

On the one hand, they realise that banks and securities houses in the swaps market are also active users of futures markets, to lay off risks. On the other hand, they are also aware that the growth of the OTC market has been generated by that market's ability to tailor OTC products to specific client needs.

Last year, it was confirmed that swaps were exempt from CFTC futures regulations. Consequently, the swaps market is not directly regulated, but most of the players are (either by the Securities and Exchange Commission in the case of securities houses, or by the Federal Reserve in the case of banks).

Mr Pat Arbor, chairman of the Chicago Board of Trade, said that the proposed rule change would create "a level playing field so we can not only complement but compete with the OTC market."

He added that there had been a blurring of the line between swaps and futures, citing the growing secondary market in swaps and the fact that swaps are now used for a variety of reasons, including speculation on interest rate movements, in the same way as futures. Mr Arbor suggested that a suitable exchange instrument would be a $10m swap contract from fixed to Libor-linked floating rate interest.

But the chances of Mr Albrecht's proposal seeing the light of day are probably slim. As acting chairman of the CFTC before the appointment of a new head by President Bill Clinton, he admitted he hoped the proposal might help force the hand of any new chairman into reforming current regulations.

However, the move runs counter to the trend followed by most US regulators, whose approach has generally been to extend rather than retrench their powers where possible.

Mr Albrecht, however, shares the view of market practitioners that changes are needed in order to halt the flow of business to less regulated markets overseas.

"Our regulatory system dates back to the 1930s. All we have done is add on rather than taking anything out," he said. Consequently, regulation has not kept pace with developments such as electronic technology and the challenge of fresh regulatory approaches in overseas markets. "With electronic trading systems, there is an electronic audit trail which makes it easier to detect violations," Mr Albrecht said. "If people know they will get caught, they are less likely to commit violations."

In response to proposals from Mr Jack Sandner, head of the Chicago Mercantile Exchange, that the current array of regulators should be streamlined into a single authority, Mr Albrecht said: "The question of how many agencies we have is less important than the rules they are supposed to be enforcing."

Tracy Corrigan

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Signs of slower growth steady prices

WALL Street tried to shrug off renewed worries about inflation last week, but it was only partially successful, which raises questions about the strength of the bond market's long winter rally.

The inflation spectre popped out of the shadows on March 12, when a much larger than expected increase in the February producer price index knocked almost 1½ points off the benchmark 30-year Treasury issue in a single day.

The uneasy tone continued into the first half of last week. However, prices then rallied and the long bond ended on Friday night with a yield of around 6.81, down 5.5 basis points on the week, in spite of a retreat in prices earlier in the day.

Market sentiment was helped, particularly at the short end, by Thursday's Bundesbank move to lower the German discount rate by half a percentage point to 7.5 per cent, which attracted overseas buyers into US debt.

But the market rally came in spite of a second disturbing inflation report on Wednesday, in the form of the consumer price index for February. This showed a 0.3 per cent increase, in line with most analysts' expectations, though more worrisome was a 0.5 per cent rise in the the core inflation rate – which excludes food and energy – for the second month in a row.

Many economists brushed the figures off as statistical freaks. Mr Alan Greenspan, the Federal Reserve chairman, acknowledged in Congressional testimony that inflationary trends were off to a "less than auspicious" start to the year.

But he dismissed the consumer price statistics as an aberration and pointed out that labour costs – the "most fundamental" driver of inflation – were still under control as corporate productivity rose.

At the same time, recent demand statistics suggest that the economic recovery has lost some of the momentum witnessed in the fourth quarter, when GDP rose 4.8 per cent, and many economists are forecasting first-quarter growth in the 2 to 3 per cent range before a rebound later in the year.

Ms Susan Hering, of Salomon Brothers, argues that contributory factors to the slowdown in final demand include consumer retrenchment from the spending spree of last year's final half; a shortfall in personal tax refunds; stormy winter weather; and a mildly negative response to President Bill Clinton's economic package.

This growing perception of slower short-term growth has helped steady bond prices over the past week, yet the re-emergence of the inflation spectre could start to change the dynamics of the market.

Few economists yet see escalating inflation as a serious threat, though Mr Erich Heinemann, of Ladenburg, Thalmann, warns that "if inflation continues to accelerate through the spring and summer, there will be shock waves in both Wall Street and Washington."

However, the statistics of the past two weeks will at the very least erode the perception that inflation may still be ebbing. And if the market comes to believe that inflation has reached the bottom of the cycle it may prove hard for long bond prices to make much further progress, without a touch of tightening from the Fed.

No one is expecting any early move by the Fed. The bank's policy-making Open Markets Committee, which meets this week, seems certain to keep monetary policy on hold while it weighs the strength of the recovery and inflation. But the potential for some lively internal Fed debates over the next few months seemed to be underscored on Friday when Mr Lawrence Lindsey, a Fed governor, said the economy was "closer to full employment than we might expect".

Martin Dickson

UK GILTS

Investors unsettled by rise in RPI

THE gilt market is poised for an increase in yields across the maturity range after the steady increase in prices in recent weeks.

A possible taste of what is in store came on Friday, when prices at the long end of the yield curve fell by about half a point on worse-than-expected news on UK retail price inflation. For short-dated gilts, yields fell by 15 to 20 basis points on the week as financial markets absorbed implications that the UK government is unlikely to cut base rates from their current 6 per cent in the near future.

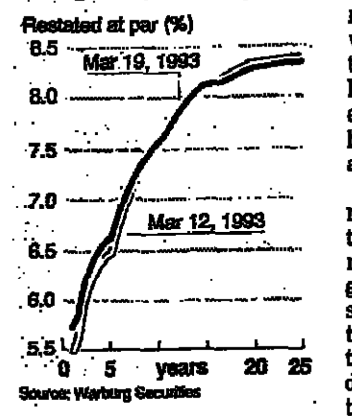
At the long end, prices rose marginally on the week. The yield on the 8.75 per cent Treasury bond maturing in 2017 fell to 8.30 per cent on Friday night, from 8.33 per cent the previous Friday.

The small upward movement in prices for long-dated gilts seen last week may, however, be difficult to sustain. That is because of the inflationary pressures that may be building up, together with the price-depressing effects of an estimated £45bn programme of gilt issues in the financial year beginning next month.

The 1.8 per cent increase in the retail prices index in the year to last month, after a 1.7 per cent year-on-year rise in January, unsettled some gilt investors. The unease was magnified by news that the underlying inflation rate, as measured by the RPI excluding mortgage payments, was 3.4 per cent in February. In January, the corresponding year-on-year rise was 3.2 per cent.

UK gilts yield

Restated at par (%)



Source: Warburg Securities

The inflation data might indicate that higher import costs following the 13 per cent fall in sterling since September are working their way into the economy.

The big funding programme for 1993-1994 will get under way a week on Wednesday when the Bank of England will auction between £2bn and £4bn of stock in the maturity range 2008 to 2013. Details of the specific bonds, the amount to be auctioned and the terms will be announced tomorrow.

During 1993-94, auctions are to take place roughly once a month. They will be the main way of financing the PSBR for the year, which Mr Norman Lamont, the chancellor of the exchequer, said last week in his Budget statement would be about £50bn.

The chancellor's simultaneous announcement of an end to the full funding rule – meaning that purchases of gilts by banks and building societies would count towards the PSBR – was welcomed in the gilts market. However, the direct impact of the change on the funding programme may be minor.

At present, the incentives for banks and building societies to buy gilts at around the five-year level, after borrowing at shorter maturities at lower interest rates, is far from overwhelming. That problem could be rectified in the event of a steepening of the yield curve at the short end. However, the most likely way in which this could happen – through a cut in base rates sanctioned by the government to speed recovery – is considered not particularly probable, on the grounds that a fragile upturn appears to be on the way.

Last week's small upward movement in prices for long-dated gilts may be difficult to sustain, partly because of inflationary pressures that may be building up

That certainly was the inference from the announcement last week that seasonally-adjusted unemployment dropped by 22,000 last month, the first fall in three years. Even so, the position on interest rates is extremely fluid, given that Mr Lamont's three-year package of fiscal tightening announced in the Budget should, in theory, give him plenty of room to ease monetary policy should evidence arise of continuing weakness in economic activity.

As for the PSBR, by the end of the week the gilt market had recovered from its initial alarm at the high estimate for 1993-1994 unveiled by the chancellor. In the Budget in March last year, the Treasury's corresponding forecast had been for a £32bn deficit, while in the November Autumn Statement the department put the figure at about £44bn. Many in the gilt market, however, had already accepted that the Treasury's previous forecasts were too optimistic and had adjusted their own projections.

According to last week's Budget projections, the deficit will come down to £44bn in 1994-95, £39bn in 1995-96 and £35bn in 1996-97. That compares with unpublished Treasury estimates in early-1992 of £35bn, £29bn and £16bn for the three years in question. The numbers which were eventually published in last year's Budget were £25bn, £19bn and £6bn respectively.

Peter Marsh

SWISS BONDS

Swiss Eurobond market finally in view

SIR Siegmund Warburg must be chuckling in his grave.

Only two decades after the City of London's great financial innovator tried to establish a Euro Swiss franc bond market, it is finally about to come into being.

Warburgs' arrangement of a Swiss franc currency bond issue for the city of Copenhagen in the 1960s caused a huge outcry in Switzerland, where the "gnomes" feared they would lose control of their precious currency.

It also led quickly to a syndication agreement among European central banks restricting membership in bond syndicates in each European currency to locally domiciled firms. Any issue mounted by a foreigner in any currency other than the US dollar would be blocked by all the central banks.

These provisions have gradually been relaxed in many European countries but, until now, they have remained strictly in force in Switzerland.

The Swiss, it seems, got caught up in their own protectionist web.

In the early 1970s, the government introduced stamp duties on securities as an easy way to raise revenue.

That made it more expensive to issue and trade bonds in Switzerland than elsewhere but, for many years, when the Swiss franc was a very strong currency and the Swiss banks' placing power was awesome, it did not seem to matter.

Foreign borrowers were happy to pay a premium for this service, and buyers, most of them Swiss institutions, were not much interested in a secondary market.

In recent years, however, as markets in other currencies have become more liquid and competitive, the Swiss market has sagged. For a long time, the banks' entreaties to the government to remove the stamp duties were brushed aside as greediness.

Last year, after it became clear that the government's revenues from the duties were declining, Bern finally agreed to act. In a referendum last September, a majority of Swiss agreed to the government's proposal to reduce some of the duties and the abolish others, notably those on bonds by foreign issuers.

Of course, tax reductions never come into effect as quickly as tax increases, and it is only from April 1 that the stamp duty changes come into effect.

That, in turn, finally cleared the way for the Swiss National Bank to loosen its rules respecting syndicates of Swiss franc bonds for foreign issuers. (If it had liberalised before the duties were removed, most of the syndicates would have decamped to London to avoid them, to the detriment of the Swiss financial centre.)

The SNB was originally inclined to remove all restrictions on syndicate membership in line with European Community policy.

But a few quick phone calls to its counterparts revealed that an "anchor" strategy was still being applied in most European countries. That means that the syndicate lead manager must be locally domiciled. From April 1, that is what the rule will be in Switzerland as well.

In practical terms, the changes will make the Swiss franc market more competitive for foreign borrowers.

It should also improve liquidity, by repatriating some of the secondary trading that has already shifted to London to avoid the stamp duties.

It will also be a relief to many of the extraordinarily large number of Japanese banks and securities houses with subsidiaries in Switzerland. Most of them have little hope of being a lead manager; now they can shut their expensive Swiss offices and participate in Japanese Swiss franc issues from London or elsewhere.

Ian Rodger

FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHT	Issued	Bid price	Chg on week	Yield
ABB INTL FIN 6 3/8 96	200	103¼	+½	4.96
ABBEY NATIONAL 9 3/4 94	200	105		4.16
ABN 9 1/8 94	200	106⅛		4.38
AETNA LIFE & CAS 7 3/4 16	200	101	-⅛	7.65
ALBERTA PROVINCE 8 5/8 96	750	110¾	+¼	5.32
ALBERTA PROVINCE 9 3/8 95	600	110⅝	+¼	4.81
AMERICAN EXPRESS 0 00	450	58⅝	+⅝	7.27
AMERICAN GENERAL 9 3/4 95	100	109¾	+⅛	5.09
AMERICAN INTL 0 04	750	45¾	+⅝	7.10
AMOCO CANADA 7 1/4 02	250	105	+½	6.52
ASFINAG 7 3/8 02	200	107¼	+⅜	6.29
ASIAN DEV BANK 0 04	1000	45⅝	+⅜	6.89
ASIAN DEV BANK 8 96	100	108¾	+⅜	5.33
AUSTRALIA 11 95	200	112½	+⅛	4.83
AUSTRIA 7 3/4 97	200	108⅝	+⅜	5.25
AUSTRIA 8 1/2 00	400	113⅝	+⅜	6.05
AUSTRIA 9 1/4 96	100	112⅛	+⅜	5.12
BANK OF TOKYO 8 3/8 96	100	108	+¼	5.44
BANQUE PARIBAS 7 1/2 96	100	105⅝	+¼	5.35
BARCLAYS JERSEY 10 5/8 95	250	113⅜	+¼	5.07
BASF FIN EUROPE 7 98	200	104⅛	+⅜	6.19
BAYER USA 8 1/4 96	150	108⅝	+⅜	5.50
BELGIUM 8 97	300	109⅛	+¼	5.34
BELGIUM 8 3/4 96	400	113⅛	+⅜	5.70
BELGIUM 9.2 10	500	118¾	+⅝	7.25
BELGIUM 9 5/8 98	250	117⅛	+⅜	6.77
BFCE 7 3/4 97	150	108½	+¼	5.31
BFCE 9 1/4 95	150	111⅛	+⅛	4.71
BMW LEASING 7 3/8 96	200	106	+½	5.51
BNP 8 5/8 94	300	105¾		4.19
BOOTS 9 97	175	110⅝	+⅜	5.79
BP AMERICA 9 3/4 99	250	115⅝	+¼	6.50
BPCA FINANCE 8 3/8 98	150	109⅞	+½	6.05
BRITISH COLUMBIA 7 3/4 02	500	108⅛	+⅜	6.54
BRITISH GAS 0 21	1500	10½		8.19
BRITISH TELECOM FIN 8 3/4 99	200	113¾	+¼	6.15
BRITISH TELECOM FIN 9 3/8 98	250	116⅛	+½	5.93
CAISSE NAT ENERGIE 11 3/4 95	125	112⅞	+⅛	4.47
CANADA 9 96	1000	111¼	+¼	4.80
CANADA 10 95	500	112⅞	+⅛	4.74
CANADIAN PACIFIC 7 1/2 98	100	105⅝	+⅜	5.58
CARIPLO 8 3/4 98	200	108¾	+⅜	6.72
CCCE 8 3/4 99	200	114⅛	+¼	6.01
CCCE 9 1/4 95	300	109	+⅛	4.33
CENTRUST SAVINGS 0 10	1200	18⅞	+¼	10.37
CHUBU ELEC POWER 8 1/4 98	350	110⅝	+⅜	5.92
CHUGOKU ELEC POWER 7 97	250	105⅛	+⅜	5.51
CIA NAVIERA PEREZ 9 96	100	99	+⅛	9.53
CIBA-GEIGY 6 1/2 97	200	104½	+⅜	5.40
CNCA 7 1/2 94	150	103	-⅛	4.07
COCA-COLA AMATIL 7 5/8 96	175	107¼	+⅜	5.22
COMP BANCAIRE 8 1/4 94	250	104⅝		4.19
COUNCIL EUROPE 8 96	100	107⅛	+¼	5.61
CREDIT FONCIER 9 1/4 95	200	111	+¼	4.62
CREDIT FONCIER 9 1/2 99	300	117⅜	+⅜	5.93
CREDIT LOCAL 8 7/8 99	250	114¼	+¼	6.16
CREDIT LYONNAIS 9 96	300	111	+⅜	5.27
CREDIT NATIONAL 7 3/4 94	200	103⅞		4.10
DAIMLER-BENZ NA 8 99	250	108½	+½	6.13
DENMARK 0 98	250	74⅛	+⅝	5.72
DENMARK 5 1/2 97	500	100¾	+½	5.30
DENMARK 9 1/4 95	1571	109¼	+⅛	4.33
DEUTSCHE BK FIN 9 3/8 99	200	115½	+¼	6.29
OSL BANK 7 1/2 96	110	106⅝	+⅜	5.05
DSM 8 1/2 96	150	108¾	+¼	5.49
DU PONT DE NEMOURS 8 1/2 96	250	108½	+⅛	5.08
ECSC 8 1/4 96	193	109⅞	+⅛	5.38
EEC 8 1/4 96	100	109	+⅛	5.16
EIB 7 3/4 96	250	108⅛	+⅛	5.01
EIB 9 1/4 97	1000	114⅞	+⅛	5.53
EIB 9 1/2 99	200	117⅞	+⅛	5.90
EIB 10 97	250	116⅝	+⅝	5.33
EKSPORTFINANS 0 94	360	93¾	+⅛	4.28
EKSPORTFINANS 7 7/8 96	200	108¼	+⅜	5.36
EKSPORTFINANS 8 1/8 95	200	106⅞	+¼	4.49
ELEC CORP N ZEALAND 9 3/8 96	200	111⅞	+¼	5.43
ELEC DE FRANCE 9 98	200	114½	+⅜	6.90
ELEC DE FRANCE 9 1/2 95	250	111½	+¼	4.56
ENERGIE BEHEER 9 95	300	109¼	+¼	4.88
ERICSSON LM 7 7/8 96	150	105⅞	+⅛	5.99
EURATOM 7 3/4 97	247	108	+⅛	5.37
EURO CRED CARD TST 9 94	325	105½	+⅛	5.23
EURO CRED CARD TST 9 1/2 98	845	109⅝	+⅛	5.47
EUROFIMA 9 1/4 96	100	111⅝	+¼	5.04
EX-IM BANK JAPAN 9 1/2 00	200	118⅛	+⅛	6.31
EX-IM BANK JAPAN 9 3/4 99	200	118½	+⅛	6.06
EXPORT DEV CORP 8 5/8 00	200	113¼	+⅜	6.23
EXPORT DEV CORP 9 1/2 98	150	116¼	+¼	5.84
EXXON CAPITAL 0 04	1800	45⅜	+½	7.01
FARM CRED CORP 7 3/4 96	100	107½	+½	5.15
FERRO DEL STAT 9 1/8 09	1000	114	+1⅝	7.59
FINLAND 7 7/8 97	200	108⅞	+¼	5.63
[illegible]				
SKANDINAVISKA ENSK 7 3/8 97	500	103⅛	+½	6.43
SNCF 7 1/4 94	175	102⅞		3.75
SNCF 9 1/2 98	150	118⅞	+½	5.73
SPAIN 6 1/2 99	1500	102⅝	+⅜	6.06
STATE BK NSW 8 1/2 96	200	108⅞	+⅛	5.46
STATOIL 7 5/8 94	200	102¾		4.47
SWEDEN 5 1/2 95	2000	101⅞	+¼	4.73
SWEDEN 9 1/4 98	350	114¾	+⅜	5.73
SWEDISH EXPORT 8 3/8 96	700	109¼	+⅛	5.03
THYSSEN FINANCE 7 1/2 99	200	104½	+½	6.60
TOHOKU ELEC POWER 7 3/4 97	250	107⅞	+⅛	5.67
TOKAI ASIA 11 1/2 95	100	112⅛	+⅛	5.47
TOKYO ELEC POWER 8 3/4 96	300	110⅝	+⅜	5.26
TOKYO METROPOLIS 8 1/4 96	200	109¾	+⅛	5.22
TOKYO METROPOLIS 8 1/4 94	200	106¼		4.09
TOYOTA MOTOR 5 5/8 98	1500	99⅞	+⅜	5.65
TOYOTA MOTOR CRED 8 1/2 94	200	105⅝		4.26
UBS FIN 9 1/8 02	225	115⅞	+½	6.69
UNILEVER CAP CORP 9 1/4 00	400	116¾	+⅝	6.23
UNION BK FINLAND 8 94	200	102⅝		5.79
UNITED KINGDOM 7 1/4 02	3000	106½	+⅜	6.33
URUGUAY 8 1/4 95	100	102¼	+¼	7.00
VENEZUELA 9 3/4 98	150	101	+⅛	9.35
VICTORIAN PUB AUTH 8 3/8 96	100	107¼	+⅛	6.05
WARNER-LAMBERT 8 1/8 96	100	108¼	+½	5.21
WORLD BANK 8 1/8 01	1600	112⅝	+⅝	6.17
WORLD BANK 8 3/8 99	1500	113⅛	+⅛	5.97
WORLD BANK 8 3/4 97	1500	112⅞	+¼	5.17
XEROX CORPN 8 3/8 96	100	108	+¼	5.78
YOKOHAMA 8 01	200	110⅛	+½	6.43

FLOATING RATE NOTES	Issued	Bid price	Chg on week	C.cpn
ALASKA HOUSING 1/10 01	125	99.88		3.6625
ALLIANCE & LEICS 0.08 94 £	300	99.82	+.01	6.4550
ALLIANCE & LEICS 0.1 95 £	150	99.84		6.3575
AMERICAN EXPRESS BK 1/8 98	200	94.54	+.15	3.5000
ANGLIA 1/8 98 £	100	99.99	-.01	7.1875
ANZ BANKING 0.15 PERP	300	73.50	+1.25	3.7759
AUSTRIA -0.15 05 DM	700	98.07		8.2250
BANCO ROMA 99	200	99.31		3.5313
BANK NEW YORK 3/16 97	200	98.73	-.04	5.2500
BANK OF GREECE 1/4 99	250	97.43		3.6250
BANK OF MONTREAL 1/20 98	250	97.50		3.4875
BANKAMERICA 3/8 95	500	99.90	+.01	3.5938
BANKERS TRUST 1/16 00	300	99.75		5.0000
BANQUE INDOSUEZ 1/4 97	125	99.59	-.14	4.1875
BARCLAYS O/S INV 1/8 04	350	99.99	-.02	5.0000
BBL INTL 0.05 01	200	93.72	+.08	3.7375
BCI 0.15 98	300	95.29	-.06	3.7750
BELGIUM 94	200	99.93	-.01	3.5825
BELGIUM 98	400	99.89	-.01	3.3125
BELGIUM 00 ECU	300	98.87		8.6250
BELGIUM 1/16 97 DM	500	100.00	+.01	8.0000
BFCE -0.02 96	350	99.84	-.05	3.7300
BILBAO INTL 0.015 01	150	98.24	-.04	3.4525
BIRMINGHAM MID 1/8 98 £	150	99.94	-.01	7.4375
BNP 1/4 95	400	101.82		5.2500
BRADFORD BINGLEY 1/8 98 £	100	99.37		7.3125
BRISTOL & WEST 1/16 94 £	150	99.69		6.3125
BRITANNIA 1/10 96 £	150	99.36		6.4750
CARIPLO 1/4 99	150	98.41		3.6875
CCCE 06 ECU	200	98.90	+.01	9.5469
CHASE MANHATTAN 1/8 09	400	96.41	-.19	5.2500
CHASE MANHATTAN 1/16 00	250	99.01	-.05	5.0000
CHELT & GLOUC BS 1/16 94 £	125	99.89	+.01	6.2813
CITICORP 1/8 98	600	98.49	-.07	5.0000
CITIZENS FED 0.15 98	100	99.57	-.01	5.0000
COMM BK AUSTRALIA 0.15 PERP	300	98.87	-.13	3.7128
CREDIOP 97 ITL	200000	101.83	-.02	12.7500
CREDIT DU NORD 1/16 97	100	99.34		5.2500
CREDIT FONCIER -1/16 98	200	100.30	+.01	5.0000
CREDIT LYONNAIS 1/8 98	250	100.24	-.03	5.2500
DENMARK -1/8 96	1000	99.35	-.04	3.0625
DRESDNER FINANCE 1/32 98 DM	1000	99.83	-.02	8.5313
EIB -1/4 01 ECU	400	99.54	+.33	9.3828
ELEC DE FRANCE 1/8 98	400	102.15	-.1	5.2500
FERRO DEL STAT 97	420	99.10	-.03	3.2250
FINLAND 97	1000	98.98	-.03	3.4375
FIRST CHICAGO 3/16 96	125	98.29	+.05	3.3750
FLEET FINANCIAL 1/10 98	100	95.76		3.6000
FUJI BANK 1/4 00	700	97.77	+.01	3.7500
GRACECHURCH MORT 0.2 19 £	175	98.49		7.2781
HALIFAX 1/10 94 £	200	99.84		6.3500
HALIFAX 2/25 96 B £	150	99.91	-.01	6.6550
HESSISCHE LANDESBK 98	100	99.28	-.01	3.3125
HK SHANGHAI (1) 1/4 PERP	400	80.38	+.5	5.0000
ICELAND 1/8 00	125	99.94	-.01	5.2500
ICO 0.05 97	450	99.87		4.0500
INVESTORS IND 1/8 94 £	125	99.66		6.3750
IRELAND 98	300	99.84	-.03	3.6700
ITALY 00	500	100.26		3.6250
[illegible]				

SWISS FRANC STRAIGHTS	Issued	Bid price	Chg on week	Yield
ASIAN DEV BANK 6 10	100	104¾	-¼	5.57
COUNCIL EUROPE 4 3/4 98	250	100½	+¼	4.63
EIB 6 3/4 04	300	111	-½	5.44
ELEC DE FRANCE 7 1/4 06	100	111½	-½	5.94
FINLAND 7 1/4 99	300	110	+¼	5.39
GENERAL MOTORS 7 1/2 95	100	102⅝	-⅜	6.09
HYUNDAI MOTOR FIN 8 1/2 97	100	106½	-½	6.75
ICELAND 7 5/8 00	100	111	+½	5.74
KOBE 6 3/8 01	240	108¼	+¼	5.13
NEW ZEALAND 4 7/8 99	200	99½		4.97
ONTARIO 6 1/4 03	400	105½		5.51
QUEBEC HYDRO 5 08	100	94	+1	5.60
SNCF 7 04	450	113½	+1	5.39
WORLD BANK 5 03	150	100¼	+¼	4.97
WORLD BANK 7 01	600	112½	+½	5.05

YEN STRAIGHTS	Issued	Bid price	Chg on week	Yield
AUSTRIA 4 3/4 94	30000	101		3.49
BELGIUM 4 5/8 94	45000	101¼	-⅛	3.53
CNT 5 1/8 94	20000	101⅝		3.59
COUNCIL EUROPE 7 94	25000	104	-⅛	3.51
CREDIT LOCAL 7 96	30000	108¾	-⅛	4.07
DENMARK 7 95	40000	105⅞	-¼	3.67
EIB 4 5/8 94	40000	101¼	-⅛	3.47
EIB 6 3/4 01	50000	113	-½	4.78
ELEC DE FRANCE 5 5/8 96	20000	104¾	-¼	4.17
EUROFIMA 6 7/8 94	30000	103⅜	-⅛	3.52
FINLAND 6 3/4 96	50000	106⅞	-¼	4.27
INTER AMER DEV 7 1/4 00	30000	114⅛	-⅜	4.86
JAPAN DEV BK 5 99	100000	103⅛	-⅜	4.43
JAPAN DEV BK 6 1/2 01	120000	112⅛	-½	4.73
KANSAI ELEC PWR 4 5/8 94	60000	101⅛	-⅛	3.57
KFW INTL FIN 6 1/4 94	25000	104⅜	-⅛	3.65
NIPPON TEL & TEL 5 7/8 96	50000	106	-⅜	4.00
NORDIC INV BANK 4 7/8 94	30000	101	-⅛	3.56
NORWAY 5 1/8 95	50000	102⅞		3.63
ONTARIO 5 1/4 96	50000	106⅛	-¼	4.35
OSTER KONTROLLBANK 7 94	25000	103¼	-⅛	3.40
SNCF 6 3/4 00	30000	111⅜	-⅝	4.79
SWEDEN 5 5/8 96	20000	103⅞	-⅛	3.97
WORLD BANK 6 3/4 00	50000	112	-½	4.70
WORLD BANK 7 1/4 95	45000	107⅛	-¼	3.67

LUXFR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ARBED 7 1/2 95	600	97⅞		8.51
ECSC 7 3/4 94	1000	99¾	-⅛	7.91
GENFINANCE LUX 9 1/8 99	1000	105⅝		7.92
WORLD BANK 8 96	1000	100⅞		7.66

GUILDER STRAIGHTS	Issued	Bid price	Chg on week	Yield
EIB 8 7/8 01	300	112¼	-⅛	6.87
ENERGIE BEHEER 8 3/4 98	500	108		6.97
UNILEVER 9 00	500	111⅜		6.38

CANADIAN DOLLAR STRAIGHTS	Issued	Bid price	Chg on week	Yield
ALBERTA PROVINCE 10 5/8 96	500	107⅞		7.49
BELL CANADA 10 5/8 99	150	110⅜	-⅛	8.42
BRITISH COLUMBIA 10 96	500	108⅝	-⅛	7.57
EIB 10 1/8 98	130	109⅝		7.72
ELEC DE FRANCE 9 3/4 99	275	108¾	+⅛	7.95
FORD CREDIT CANADA 10 94	100	102¾		7.77
GEN ELEC CAPITAL 10 96	300	106⅛	-⅛	7.76
KFW INT FIN 10 01	400	109⅞		8.38
NIPPON TEL & TEL 10 1/4 99	200	110	-⅛	8.20
ONTARIO HYDRO 10 7/8 99	500	111¾		8.32
OSTER KONTROLLBANK 10 1/4 99	150	110⅜		8.08
QUEBEC PROV 10 1/2 98	200	109⅛	-⅛	8.40

ECU STRAIGHTS	Issued	Bid price	Chg on week	Yield
ALL NIPPON AIRWAYS 9 96	130	100¼	+½	8.85
BELGIUM 9 1/8 96	1250	104⅛	+⅛	7.44
BFCE 9 99	100	103⅞	+½	8.17
BRITISH TELECOM FIN 8 1/2 94	150	99¾	+½	8.62
CNA 7 3/8 95	120	97⅞		8.47
CNA 8 3/4 99	150	103	+⅜	8.11
COUNCIL EUROPE 9 01	1000	107¼	+⅛	7.80
CREDIT FONCIER 7 5/8 94	430	98⅝	+⅛	9.01
CREDIT LOCAL 9 95	100	101⅞	+¼	8.07
CREDIT LYONNAIS 9 96	125	102⅞	+¼	8.10
CREDITANSTALT 8 7/8 94	67.5	100⅝		8.42
DENMARK 7 5/8 96	250	99⅝	+1	7.76
DEUTSCHE BK FIN 8 5/8 94	200	99⅛	-⅛	9.25
EBRD 8 7/8 98	550	104½	+⅛	7.49
ECSC 8 97	141	99¾	+¼	8.06
EEC 7 5/8 94	200	98⅝		9.21
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STRAIGHT BONDS: Yield is redemption of the bid-price. Amount issued is expressed in millions of currency units. FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn=current coupon. CONVERTIBLE BONDS: US Dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

Closing prices on March 19

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THE WEEK AHEAD

ECONOMICS

Europe looks for some cheer from recovery in US data

A CLUTCH of economic statistics from the US will underline to what degree the recovery in North America is getting under way, while in Europe economists will be watching out for new inflation data from Germany.

With the US likely to provide the main engine for what little growth is likely in the European and Japanese economies over the next year, relatively high figures for output growth in the US will raise a cheer in a number of countries.

Attention will be especially focused on the revised data for growth of US gross domestic product in the final quarter, due for release on Friday.

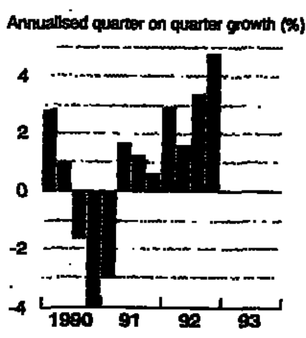
In Germany, statisticians are due to announce inflation figures for several individual states. The Bundesbank will be especially interested in the data, to determine whether further easing in monetary policy is appropriate after last week's cut of 0.5 percentage points in the German discount rate.

In the UK, economists will be forced to turn their attention to non-statistical indicators since few data will be available to illustrate to what degree the British economy is recovering.

There will be some interest in the answers given by Treasury officials on Wednesday when they are quizzed in public by the House of Commons' treasury and civil service select committee. The MPs' questions – expected to be directed mainly at Mr Alan Budd, the Treasury's chief economic adviser – will focus on the strategy behind last week's Budget. The Confederation of British Industry is bringing out its latest economic forecasts on Thursday.

US GDP

Annualised quarter on quarter growth (%)



Source: Datastream

On foreign exchange markets, observers will be watching out for any signs of weakness on the part of the French franc ahead of next Sunday's second leg in the French parliamentary elections.

The main statistical releases and events are as follows. The figures in brackets gives an average of what financial markets expect, according to figures provided by economics consultancy MMS International.

Today: UK, Visible trade deficit for countries outside European Community (£1.2bn); Japan, March wholesale prices index; Canada, January seasonally adjusted retail sales (down 0.3 per cent on month).

Tomorrow: Germany, tender for first 5-year Treuhand bond; US, Federal Open Markets Committee meets in Washington; Canada, January wholesale trade (up 0.4 per cent on month).

Wednesday: Germany, auction of 5-year Treuhand bond; US, February durable goods orders, durable goods shipments, car sales March 11-20, truck sales March 11-20, February house sales

Thursday: US, initial claims for week ending March 20, state benefits for week ending March 13, monetary data for week ending March 15; Canada, building permits in January (down 4.5 per cent month on month).

Friday: US, release of FOMC minutes of meeting of February 2-3, gross domestic product growth and deflator in fourth quarter of last year (4.8 per cent and 2.0 per cent, both at an annual rate), after-tax corporation profits in fourth quarter (up 6.1 per cent), February bank credit, export/import price indices; Canada, February industrial and raw materials production; Australia, February vehicle registrations; Japan, March consumer prices index (for Tokyo up 1.1 per cent on year, excluding perishable items up 1.4 per cent; for whole country up 1.4 per cent on year, excluding perishable items up 1.7 per cent on year), workers' income in January; February retail sales (down 5.1 per cent on year), February industrial production (up 0.5 per cent).

During the week: Italy, January industrial production (down 2.6 per cent on year), February bank lending (up 8 per cent); Germany, March cost of living indices for different federal states (up 0.3 per cent on month), February import prices (up 0.4 per cent on month, down 2.3 per cent on year), March preliminary cost of living index for whole nation (up 0.3 per cent on month, 4.1 per cent on year).

Peter Marsh

RESULTS DUE

WELLCOME, the UK pharmaceuticals group, reports half-year results on Thursday with analysts forecasting pre-tax profits of between £295m and £325m against £244m a year earlier on sales of about £1bn.

Retrovir, the HIV-treatment, is expected to generate between £120m and £140m, while estimates for sales of Zovirax, the herpes and chickenpox medicine, range from £345m to £385m.

The main reason for the large range of forecasts is the impact of the dollar in the US where Wellcome generates nearly half of its sales. Analysts will be watching how the cough and cold season has progressed, given Wellcome's non-prescription over the counter business is heavily geared towards winter-type remedies.

Prudential, the insurer, is expected to report tomorrow a big jump in pre-tax profits for the year of around £415m from £267m, although forecasts range widely. A much improved second-half contribution from the US and benefits flowing from the reorganisation of its UK distribution network are two key factors.

Reckitt & Colman, the food, household products and toiletries group, should report on Thursday flat pre-tax profits for 1992 of around £250m.

P&O, the shipping group, is forecast tomorrow to produce only a modest increase of around £10m in pre-tax profits for 1992 from £217.4m a year earlier.

Redland, the building materials group, similarly will manage on Thursday a moderate profit increase of around £20m from £186m, including a nine month contribution from Steetley.

Lasmo, the independent oil company, is expected by some analysts to cut its final dividend on Wednesday despite an increase in profits to around £45m from £17.9m in 1991.

Bowater, the packaging and industrial films group, announces its 1992 results tomorrow.

It released estimated results, showing an unaudited pre-tax profit of £147m, a 48.5 per cent increase on 1991,last month when it announced the $434m acquisition of Specialty Coatings international, the US coatings company.

Argos, the catalogue retailer which this week announced the closure of its four pilot Chesterman furniture stores because of disappointing sales, presents its full-year results today. Forecasts range between £62m and £66m, compared with last year's £62.1m.

These, however, do not include the £12.7m charge for the Chesterman closure, which is expected to be taken as an exceptional item, and so reduce pre-tax profits to the £50m to £54m range.

Full year results tomorrow from **Invergordon Distillers**, the independent Scotch whisky producer, are likely to reflect the increased pressure on margins in the bulk whisky market. After five years of strong growth, pre-tax profits are expected to be virtually flat at £32.4m against £32.2m in 1991.

Wolseley, the heating and plumbing supplier, is expected to announce mixed results when it reveals interim profits tomorrow.

The company is expected to reveal pre-tax profits up more than 20 per cent to £40m-£42m in the six months to end-January. Profits from the US east coast and the UK are likely to be strongly ahead, although results from California and France could be disappointing because of recession.

UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
Temple Bar Inv. Trust, The Waterman's Hall, 18 St. Mary at Hill, EC., 11.00.
BOARD MEETINGS:
Finals:
Argos
Astec (BSR)
Brit. Borneo Petroleum
Britannic Assurance
Bunzl
Capital Inds.
Goal Petroleum
Hibernian
Kynoch
PE Intl.
Pendragon
Rutland Trust
Sharpe & Fisher
Spring Ram
Stag Furniture
Suter
Thornton Pan Euro Invs.
Wilson Bowden
Interims:
Frogmore Estates
Halstead (James)
Nesco Invs.
Tay Homes

■ **TOMORROW**
COMPANY MEETINGS:
Allied Radio, Gatwick Penta Hotel, Povey Cross Rd. Horley, Surrey, 11.00.
Securiguard, Savoy Hotel, Strand, WC., 12.00.
Shires High-Yielding Smaller Co's, 41 Tower Hill, EC., 12.00.
Stakis, Stakis Glasgow Normandy Hotel, Inchinnan Rd, Renfrew, 12.00.
TSB Group, Moat House Intl. Hotel, Congress Road, Glasgow, 10.30.
Updown Inv., 12 Tokenhouse Yard, EC., 2.30.
BOARD MEETINGS:
Finals:
Bluebird Toys
Bowater
Bridon
CIA
CU Environmental
Clinton Cards
Clyde Petroleum
Derwent Valley
ERA
Edinburgh Oil & Gas
Invergordon Distillers
Mayborn
More O'Ferrall
Page (Michael)
P. & O. Steam Nav.
Prudential
Relyon
Secure Trust
Spear (J.W.)
Sunleigh
Trinity Intl.
UniChem
Interims:
Ex-Lands
Foreign & Col High Inc
Polypipe
Pressac
Sunset & Vine
Wolseley

■ **WEDNESDAY**
MARCH 24
COMPANY MEETINGS:
Bullough, The Courtyard, 26 Euston Centre, NW., 10.30.
Continental Assets Trust, 1 Charlotte Square, Edinburgh, 12.30.
Fairway Group, 9 Moorfields Highwalk, EC., 10.30.
Greenfriar Inv., 3 Finsbury Avenue, EC., 2.30.
INOCO, St. Clements House, 2-16 Colegate, Norwich, Norfolk, 10.00.
Soundtracs, Winchester House, 10 Lower Richmond Rd., SW., 12.00.
BOARD MEETINGS:
Finals:
Acorn Computer
AMEC
BSG Intl.
Barr & Wallace Arnold
Blenheim
Geest
Gibbs & Dandy
Johnston Press
Kingfisher
Lambert Howarth
Lasmo
Lex Service
Matthews (Bernard)
Richardsons Westgarth
Sheffield Insulations
Steel Burrill Jones
Weir
Wood (Arthur)
Interims:
Barratt Devs.
Dorling Kindersley
Manganese Bronze
Ricardo
Town Centre Sec.
Webmiller (Barry)
Wetherspoon (J.D.)

■ **THURSDAY**
MARCH 25
COMPANY MEETINGS:
Baring Tribune Inv. Trust, 155 Bishopsgate, EC., 2.30.
Domino Printing Sciences, Trafalgar way, Bar Hill, Cambridge, 11.00.
Fleming American Inv. Trust, 25 Copthall Ave, EC., 12.00.
Fleming Claverhouse Inv. Trust, Town House Hotel, West George St., Glasgow, 12.00.
Hewtin, Celtic Bay Hotel, Cardiff, 11.00.
Microgen Hldgs., Barrington House, Gresham St., EC., 12.00
BOARD MEETINGS:
Finals:
APV
Appleyard
BNB Resources
Beradin Hldgs.
Booker
Brit. Alcan Aluminium
Canning (W.)
Clarkson (H.)
Dawsongroup
Dunkeld
Headline Book Publishing
Henlys
Morrison (Wm.)
North Sea Assets
Padang Senang Hldgs.
Pittard Garnar
Plasmec
Reckitt & Colman
Redland
Slough Estates
Sphere Inv. Tst.
United Newspapers
Wolstenholme Rink
Interims:
Community Hospitals
Maunders (J.)
Murray Ventures
Sheldon Jones
Thorpe (F.W.)
Trafford Park Ests.
Wellcome

■ **FRIDAY**
MARCH 26
COMPANY MEETINGS:
Hill & Smith Hldgs., Birmingham Chamber of Industry and Commerce, 75 Harborne Rd., Edgbaston, Birmingham, 12.00.
Lincoln House, Higham Farm Hotel, Higham, Derbyshire, 10.00.
Seacon Hldgs., 38 West Bury Rd., E., 12.00.
Trust of Property Shares, Park House (6th Floor), 16 Finsbury Circus, EC., 11.00
Ward Hldgs., 82 New Cavendish St, W., 2.30.
Yorkshire Chemicals, Kirkstall Rd., Leeds, 12.00.
BOARD MEETINGS:
Finals.
Breedon
Garton Engineering
HTV
Hepworth
Mediterranean Fd.
Moorfield Estates
National Express
Portmeirion Potteries
Waterhouse
Interims:
China & Eastern Inv.
UDO Hldgs.

Company meetings are annual general meetings unless otherwise stated

Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

PARLIAMENTARY DIARY

■ **TODAY**
Commons: Questions to National Heritage ministers, Attorney General and Overseas Development Administration. Budget debate, last day.
Lords: Housing and Urban Development Bill, committee. Official Secrets Act (Prescription) (Amendment) Order. Pneumoconiosis (Workers' Compensation) (Payment of Claims) (Amendment) Regulations.

■ **TOMORROW**
Commons: Health questions. Questions to the Prime Minister. Agriculture Bill, second reading. Funds for Trade Union Ballots (Revocation) regulations.
Lords: Education Bill, second reading.
Select committee: Social security, subject: Operation of pension funds. Witness: Mr Joel Joffe, former deputy chairman, Allied Dunbar (10.30am, room 21).

■ **WEDNESDAY**
Commons: Environment questions. European Communities (Amendment) Bill, committee.
Lords: Debates on inner city conditions, preventing nuclear proliferation and ending nuclear tests and the future development of Unesco.
Select committees: Environment, subject: The housing corporation. Witnesses: (to be confirmed) (9.15am, room 21).
Parliamentary commissioner for administration, subject: Report of the parliamentary commissioner for administration for 1991. Witness: Sir Anthony Battishill, chairman of the board of inland revenue (10.00am, room 19).
Scottish Affairs, subject: Legal aid eligibility changes. Witnesses: Law society of Scotland (10.30am, room 7).
Trade and industry, subject: British Aerospace industry. Witnesses: Short Brothers, Airbus Industries, Society of British aerospace companies (10.30am, room 5).
Welsh affairs, subject: Preservation of historic buildings and ancient monuments. Witness: Sir Wyn Roberts, Welsh office minister of state (10.30am, room 8).
Agriculture, subject: Changes in the hill livestock compensatory allowances. Witness: Mr John Gummer, minister of agriculture (10.45am, room 20).
Home affairs, subject: Policing. Witness: Mr Paul Condon, commissioner of police of the Metropolis (10.45am, room 15).
Employment, subject: Employment aspects of the Budget. Witnesses: department of employment (4.15pm, room 15).
Public accounts, subject: (1) Administration of legal aid in England and Wales; (2) Timber harvesting and marketing. Witness: (1) Sir Thomas Legg, permanent secretary, Lord Chancellor's department; (2) Mr Robin Cutler, director general and accounting officer, Forestry Commission (4.15pm, room 16).
Treasury and Civil Service, subject: The March 1993 Budget. Witnesses: Treasury officials (4.30pm, room 8).
Scottish affairs, subject: Legal aid eligibility changes. Witness: Lord Fraser of Carmyllie, Scottish office minister of state. (5.00pm, room 18).

■ **THURSDAY**
Commons: Agriculture questions. Questions to the Prime Minister. European Communities (Amendment) Bill, committee.
Lords: Prisoners and Criminal Proceedings (Scotland) Bill, Commons amendments. Trade Union Reform and Employment Rights Bill, committee. Child Benefit and Child Support regulations. Plymouth Development Corporation (Area and Constitution) Order.

■ **FRIDAY**
Commons: Private Members' business – Local Government (Overseas Assistance) Bill, committee and Protection of Animals (Scotland) Bill, committee.
Lords: Not sitting.

DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
Arab Banking Corp. Fltg. Rate Nts. 1996 $265.42
Birmingham Midshires Bldg Society Fltg. Rate Nts. 2005 £65,129 79
Cardiff Property 1.55p
Courtaulds Coatings 8¼ Uns. Ln. 1990/95 £4 125
Courtaulds 7¾% Db '89/94 £3.875
Dai-ichi Kangyo Bank Nederland 10% Nts 2001 $1,000
Enron Corp $0.35
Evode 1.8p
Jersey Phoenix Tst. 1.25p
Leeds Permanent Bldg. Society Fltg. Rate Nts 1996 £183.87
Marine Midland Bank Fltg. Rate Sb. Nts. 2009 $131.25
Midland Bank Undated Fltg. Rate Primary Cap. Nts. $252.78
Murray Split Cap Tst Inc 2 86p
Do. Units 26 5p
Nationwide Bldg. Society Sb. Fltg. Rate Nts 2004 £190.10
Norweb 5.9p
Oil & Natural Gas Commission Gtd Fltg. Rate Nts 1996 $252.78
Riggs Natl. Fltg. Rate Sb Nts. 1996 $131.25
SGW Fin 13¼% Gtd. Nts. 2001 A$331,250
Southern Electric 5 8p
South Western Electricity 5.9p
Tate & Lyle Intl Fin. 5¼% Gtd. Bds. 2001 £143 75
Do. 5¼% Gtd. Bds 2001 Wrrts. £143.75

■ **TOMORROW**
AAH Hldgs. 5 8p
Allied Radio Uns Ln 2001 £4 00
Citicorp Fltg Rate Sub. Cap. Nts. 1996 $131 25
Debenham Tewson & Chinnocks 1.2p
Eastern Electricity 5.5p
European Inv. Bank 11% Ln. 2002 £275
Glory 5.6% Bds. 2000 Y141,556
Lawson Mardon Class A Sb Vtg C$0.10
Leeds Permanent Bldg. Society Sb. Varible Rate Nts. £197.57
Manweb 6.1p
Northern Electric 6.3p
Severn Trent 11⅝% Bds 2001 £581 25

■ **WEDNESDAY**
MARCH 24
Asian Dev. Bank 10¼% Ln. 2009 £256.25
East Midlands Electricity 5.72p
Greenalls 11½% Db 2014 £5 75
Halliburton $0.25
Intl. Bank for Recon. & Dev 9½% Ln. 2010 £4 75
Midlands Electricity 6.35p
Scottish Hydro-Electric 3.6p
Spain (Kingdom Of) 11¾% Ln. 2010 £293.75
UK 2½% Index-Linked Treas. Stk. 2001 £2.2165
Updown Inv. 12.5p

■ **THURSDAY**
MARCH 25
Alcan Aluminium $0 075
Assoc. Brit. Foods 5½% Uns Ln '87/02 1.375p
Do. Units 7½% Uns Ln '87/02 1.875p
Comm. Union 10¾% Gtd Bds 2002 £107 50
East Midlands Elect. 12% Bds. 2016 £1,200
Eve 2.7p
Greenfriar Inv. 4.25p
Hercules Inc $0.56
Hotspur Invs 6 8p
Japan Airport Terminal 6 4% Bds 1999 Y837,500
Manchester Corp 3% Rd. Cons £0 75
Marston, Thompson & Evershed 10¼% Deb 2012 £5.125
Metropolitan Water Board Chelsea Waterworks 2¾% Deb 1897 £1.375
New Zealand 11½% 2014 £287 5
Nottingham Corp Water Annuities (per £3.50 Of Anns.) £1 75
Do Water Annuities (per £1 35 of Anns.) £0.625
Renold 8% 1st Db '91/96 £4
Tendring Hundred Water Services 4½% Rd. Deb. £2.25
Do. 7½% Rd Db '91/93 £3 75
Tokyu Land 5 3% Bds '98 Y136,917
Tops Estates 0.5775p
TSB Gilt Fund Ptg Rd Prf 0.75p
UK 7¼% Treasury 1998 £4
Welsh Water 10¾% Bds. 2002 £537.50

■ **FRIDAY**
MARCH 26
American Cyanamid $0.4125
Cie Bancaire FFr10
Birkby 1p
Chubu Electric Power 7% Nts. 1996 $350
Compass 8 11p
Dudley Jenkins 1p
Finland (Rep of) 9¾% Nts. 1997 £97 50
Fleming O'seas Inv Tst. 1.5p
Ishihara Sangyo Kaisha 5 35% Bds 1998 Y148,611
Do. 5.7% Bds. 2003 Y158,333
Lydenburg Platinum R0.33
Manchester Ship Canal 4.5p
Do 5% (3 5% net) Perp Prf. 3 5p
Mansfield Brew 11½% Deb 2010 £5.75
National Power 3.3p
Do. 10⅝ Bds 2001 £1,062.50
Nippon Telegraph & Tel 6⅞% Nts. 1997 $68.75
Oxford Instruments 1 4p
Powergen 3 35p
Rubicon 1.5p
UK 12¼% Exchequer 1999 £6.125
Do. 13½ Treasury 2004/08 £6 75
Vaux 9.875% Deb. 2015 £4.9375
Do. 10¾% Deb.2019 £5.375

■ **SATURDAY**
MARCH 27
Mersey Docks & Harbour 6¾% Red Deb. 1996/99 £3.375
Scottish Life Assce. 7⅛% Uns. Ln. 1997/2002 £3.5625

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close March 19

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
105200	Abitibi Pr	$14	13⅞	14	+⅛
44300	AgnicoEa	$6¼	5⅞	6⅛	+⅛
21900	Air Cda	300	290	290	-5
12000	Alberta En	$16⅜	16⅛	16⅜	
1300	AlbNGas	$15⅜	15⅛	15⅜	+⅛
318700	Alcan Al	$24	23¾	23⅞	
3232800	Am Barr	$20⅜	19¾	20⅜	+⅜
82200	Atco Cl 1	$12¼	12	12⅛	+⅛
335100	Bk Montrl	$24	23¾	24	+⅛
480200	Bk Nova Sc	u$25¾	25⅝	25¾	+⅛
146900	BC Sugar A	$11⅝	11¼	11⅜	-⅛
417300	BCE Inc	$45¾	45½	45¾	
90500	Belmoral	12	11	11	
28400	BGR A	$7¾	7½	7¾	+⅛
123100	Bomb'dierB	$11⅜	11	11	-⅜
29900	Bow Valley	$13	12¾	13	+¼
807500	Bramalea	45	38	39	-3
61000	Brascan A	$12⅛	11⅜	11⅜	-½
118400	Breakwater	22	21	22	
41400	BC Tel	$20¼	20	20	-⅛
10300	Bruncor	$22⅛	21⅞	21⅞	+⅛
900	Cascades	$6½	6½	6½	
1100	Celanese	$44¾	44	44	+4
12100	CntCpital	36	32	32	-2
28400	Cleepx Gdn	160	155	155	
200	Cntrl Fd A	455	455	455	
56600	Cominco	$16¾	16½	16⅝	+⅛
142200	Computalog	125	115	118	-2
28600	Corel Sys	$18⅜	18⅛	18⅛	-⅜
4000	CoscanDev	165	165	165	
80300	CrownX A	u330	320	330	+5
1000	Denison A	30	30	30	
6500	Derlan	385	375	385	+5
149500	Dofasco	$13⅞	13¾	13⅞	+¼
42600	Domtr Txt	$9¼	9⅛	9¼	+⅛
29900	Domtar Inc	$5⅝	5½	5⅝	
1200	Du Pont A	$42½	42½	42½	
10200	DundeeBncA	u440	420	440	+15
130000	Echo Bay M	$7½	7⅛	7½	+⅜
10200	Emco Ltd	$7½	7½	7½	
3400	Empire	$11	11	11	
60900	Euro Nev	$19	18¼	18⅞	+⅜
3000	FPI Ltd	365	360	365	
3000	FalcnsbNnr	$8½	8⅜	8¼	+⅛
132700	Finning	$14¼	14	14⅛	+¼
20700	Fst Mara A	$11⅞	11⅞	11⅞	
4600	Fortis	$24	23¾	24	+⅛
1200	Four Seasn	$16⅝	16½	16½	-¼
14100	FrancoNev	$36¾	36¼	36⅝	-⅛
15900	Gendis A	$20¾	20½	20½	
704400	Glamis Gld	$6⅛	5⅞	6⅛	+⅛
136500	GoldnStar	$9½	9¼	9½	+¼
17300	Granges	210	195	210	+15
4500	GW Lifeco	u$15¼	15¼	15¼	
42000	Gulf Cda R	365	360	365	
400	GW Utils	$5¾	5¾	5¾	-⅛
2121600	Lac Minls	u$9⅞	9⅛	9¾	+½
1400	Lafarge	$20⅛	20⅛	20⅛	-¼
37500	Laidlaw A	$11	10⅞	10⅞	-⅛
472600	Laidlaw B	$10⅞	10⅝	10⅞	
5200	Laurent Bk	$19	18¾	18¾	+¼
1600	Laurent Gp	500	495	500	
30000	Lawson Mar	$9⅛	8⅞	9	+⅛
103600	Loblaw	$22¼	22	22	-⅛
94800	Mackenzie	$6	5⅞	6	
398100	Ryl Oak Mn	u375	345	375	+25
5578300	RylTrustco	155	d72	98	-92
49800	StLawrCm A	$6⅝	6½	6⅝	
58100	SceptreRs	$6¾	6½	6⅝	+⅛
1800	ScottPaper	$13¼	12¾	12¾	-¼
16700	Scotts Hos	$9½	9⅜	9½	
238300	Seagram Co	$35¾	35⅛	35⅝	+⅛
10200	Sears Can	$7½	7⅜	7½	+¼
7100	ShellCan A	$39¼	38⅞	39¼	+½

MONTREAL

4 pm close March 19

Sales	Stock	High	Low	Close	Chng
344300	NatBk Can	$8⅝	8⅜	8½	+⅛
1600	Quebecor A	$17⅞	17⅞	17¾	
23600	Teleglobe	u$16	15⅞	15⅞	
40100	Unvia	$8⅜	8¼	8⅜	+⅛
25200	Videotron	$20	19⅞	20	+⅛

Total Sales 36,679,400 shares

INDICES

NEW YORK

DOW JONES	Mar 19	Mar 18	Mar 17	Mar 16	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3471.58	3465.64	3428.74	3442.95	3478.34 (10/3/93)	3136.58 (9/10/92)	3478.34 (10/3/93)	41.22 (2/7/32)
Home Bonds	106.58	106.58	106.53	106.35	106.58 (18/3/93)	98.41 (20/3/92)	106.58 (18/3/93)	54.99 (1/10/81)
Transport	1532.60	1534.01	1517.29	1536.63	1589.61 (8/2/93)	1204.40 (26/8/92)	1589.61 (8/2/93)	12.32 (8/7/32)
Utilities	239.42	239.67	237.61	237.79	241.99 (10/3/93)	200.74 (8/4/92)	241.99 (10/3/93)	10.50 (8/4/32)

DJ Ind. Day's High 3490.30 (3498.17) Low 3446.46 (3427.01) (Theoretical)
Day's High 3477.28 (3477.28) Low 3459.16 (3428.74) (Actual)

STANDARD AND POOR'S	Mar 19	Mar 18	Mar 17	Mar 16	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	450.18	451.88	448.31	451.37	456.33 (10/3/93)	394.50 (8/4/92)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials	517.76	519.64	515.30	518.94	524.99 (10/3/93)	470.91 (8/4/92)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	44.64	44.81	44.63	44.96	45.43 (10/3/93)	32.46 (8/4/92)	45.43 (10/3/93)	8.64 (1/10/74)
NYSE Composite	248.18	249.12	247.33	248.81	251.36 (10/3/93)	217.92 (8/4/92)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	422.37	421.12	420.48	423.08	423.08 (16/3/93)	364.85 (9/10/92)	423.08 (16/3/93)	29.31 (9/12/72)
NASDAQ Composite	682.72	687.41	687.40	695.47	708.85 (4/2/93)	547.84 (26/6/92)	708.85 (4/2/93)	54.87 (31/10/72)

	Mar 12	Mar 5	Feb 26	year ago (approx.)
Dow Industrial Div. Yield	2.98	2.99	3.02	2.84
	Mar 17	Mar 10	Mar 3	year ago (approx.)
S & P Industrial div. yield	2.49	2.44	2.48	2.61
S & P Indl. P/E ratio	26.13	25.82	26.18	28.91

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Wal-Mart	5,943,700	33⅛	-⅛
Merck	5,085,900	36⅛	-⅛
RJR Nabisco	4,205,800	8⅛	— —
Gen Motors	3,712,700	40⅛	+⅜
Citizens	3,414,800	25½	— —
Glaxo	3,009,100	18	-¼
Ford Motor	2,958,200	52⅛	+½
Am T & T	2,938,000	58½	— —
Jhnsn & Jhnsn	2,855,900	39⅜	-⅞
Philip Morris	2,822,200	64⅛	— —

TRADING ACTIVITY

† Volume (Millions)	Mar 19	Mar 18	Mar 17
New York SE	283.960	240.490	237.850
Amex	16.558	20.678	19.324
NASDAQ	(u)	231.709	245.065
NYSE			
Issues Traded	2,478	2,471	2,482
Rises	833	1,255	723
Falls	1,041	647	1,161
Unchanged	604	569	598
New Highs	130	136	111
New Lows	14	14	19

CANADA

TORONTO	Mar 19	Mar 18	Mar 17	Mar 16	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2806.74	2898.06	2879.69	2865.30	3238.67 (16/1/92)	2529.91 (17/11/92)
Composite	3576.99	3559.30	3540.99	3556.77	3596.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1852.18	1841.88	1833.36	1840.66	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♦ Subject to official recalculation.

	Mar 19	Mar 18	Mar 17	Mar 16	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1677.1	1669.8	1675.6	1659.3	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	658.3	652.6	659.2	652.1	726.80 (3/7/92)	545.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	348.48	349.61	349.69	352.08	453.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	816.55	827.76	829.79	838.08	1099.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1254.04	1250.30†	1247.99	1245.49	1254.04 (19/3/93)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	277.46	278.38	278.77	278.99	365.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	1006.5	1012.2	995.2	982.0	1012.20 (18/3/93)	541.00 (7/8/92)
FRANCE						
CAC General (31/12/81)	524.55	525.96	527.27	529.23	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1962.69	1963.52	1967.28	1975.25	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	667.07	667.18	667.05	668.68	725.28 (26/5/92)	565.81 (12/10/92)
Commerzbank (1/12/53)	1880.90	1880.40	1879.50	1887.20	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1698.61	1696.19	1695.08	1697.83	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	6088.34	6051.28	5958.33	5980.04	6308.00 (8/3/93)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1461.46	1421.90	(c)	1393.62	1469.57 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	496.68	497.22	492.74	502.42	551.59 (8/2/92)	354.93 (18/8/92)
MIB General (4/1/93)	1097.0	1096.0	1089.0	1109.0	1166.00 (2/3/93)	892.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	18537.17	18727.90	18173.37	17968.30	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1405.69	1408.26	1385.86	1344.71	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1765.02	1761.54	1730.62	1717.79	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	636.33	640.24	640.39	637.79	680.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS Tt.Rtn.Gen.(End 1983)	328.1	327.5	326.8	325.8	338.10 (19/3/93)	274.80 (6/1/92)
CBS All Shr (End 1983)	220.8	220.4	219.9	219.2	220.80 (19/3/93)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	784.84	782.87	773.82	781.19	784.84 (19/3/93)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1453.72	1435.58	1456.04	1475.78	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	417.13	418.26	417.23	415.53	421.27 (24/2/93)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	1139.0♦	1077.0	1069.0	1077.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4504.0♦	4474.6	4449.0	4445.0	4689.00 (4/6/92)	3836.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	663.05	666.39	663.05	637.87	709.77 (8/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	(c)	236.15	234.95	235.50	265.51 (28/2/92)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1007.2	1015.0	1016.00	1017.80	1039.00 (8/3/93)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	985.6	953.3	946.1	950.4	985.60 (19/3/93)	748.50 (6/1/92)
SBC General (1/4/87)	741.9	733.6	736.3	727.5	741.90 (19/3/93)	596.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	4589.92	4684.46	4511.62	4489.99	5391.63 (30/1/92)	3069.43 (9/1/93)
THAILAND						
Bangkok SET (30/4/75)	912.00	903.44	906.28	905.12	986.44 (25/1/93)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	532.0*	528.5	521.1	520.7	542.10 (7/1/92)	487.50 (8/4/92)
Euro Top-100 (26/6/90)	943.44	942.84	937.46	940.15	978.55 (25/5/92)	772.52 (5/10/92)

**Saturday March 13: Taiwan Weighted Price 4,413.84, Korea Comp Ex. 634.84
♦ Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Friday, March 19, 1993

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	26.2m	337	+12
Marubeni	12.4m	459	-7
Nomura Sec	9.8m	1,690	+50
Mitsubishi Hvy	9.8m	537	-5
Yasuda Tr & B	6.9m	842	+47
Isuzu Motor	6.9m	401	-7
Nikko Sec	6.3m	870	+25
NKK	6.3m	271	+2
Ohbayashi	6.0m	570	+33
Nippon Oil	6.0m	661	-17

FT MANAGED FUNDS SERVICE

● Unit Trust prices are available from FT Cityline, call 0891 43 + the five-digit code listed after the unit trusts. Calls charged at 36p/minute cheap rate and 48p/minute at all other times.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

● Unit Trust prices are available from FT Cityline. Call 0891 43 + the five-digit code listed after the unit trusts. Calls charged at 36p/minute cheap rate and 48p/minute at all other times.

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries. 0277 227300 Dealing. 0277 261010						
AES European	5	107 40	108 20	113 90	1.41	-
AES Intl Bond & Cone	5	126 50	126 80	133 50	5.52	47424
AES Pooled Pension 4	7	£156.6	160 6	171 9	-	47257
AES Smaller Cos	5	61.59	63 39	66 73	1 90	46283
AES UK General	5	117 20	119 00	125 30	2.75	-
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	392.06	392.06	417 08	4 97	40913
Global Inc	5	57 45	57 45	61 12	3 97	40916
Brit Leaders	5	318 37	318.37	338 69	3 01	40914
Intl Leaders	5	189 79	189 79	201 9	1 63	40915
P&G Hat Bal Gath Inc ¥	3¼	53 3	54 52	56 65	3	-
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224 Beckenham, BR3 4TF 081-663 3003						
European Trust	6	52.41	52 60	55 96	1 35	42492
Far Eastern Tst	6	55 70	56.46	60 07	0.86	-
Smaller Cos	5	143 4	147 7	157.1	1 85	47431
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American ♦	5	277 5	278 2	294 3	0 68	41390
S & W Capital	5	116 4	116 4	124 6	1.91	40181
S & W Cash ♦	0	100 03	100 03	100 03	5 50	47983
S & W European	5	114 2	114 2	120 8	1 61	40253
S & W Far Eastern	5	123.9	125.3	132 6	0 00	46474
S & W Growth	5	124 6	126 1	133 3	1 72	41391
S & W Income	5	111 7	112 9	119 4	4 89	41392
S & W Magnum	5	123 0	123 0	131 8	1 81	47800
S & W Smllr Sscs	5	305 9	312 0	330 1	0 79	41393
S & W Thoroughbred	5	142.7	142 7	152.8	1 81	40263
Societe Generale Touche Remnant (1200)F						
Mermaid Hse, 2 Puddle Dock EC4V 3AT 071-410 4029						
American Grwth	5¼	83 48	83 48	89 28	0	41525
Eur Sp Sits Acc	5¼	45 72	45 72	48 64	0	41526
Eur Sp Sits Inc	5¼	43 18	43 18	45 94	0	41527
Far East Opps Inc	5¼	29 74	29 74	32 07	0	41660
Far East Opps Acc	5¼	30.56	30 56	32.95	0	41685

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2¼	93 42	93 42	95 60	0 00	41596
Short Dtd Gilt	1¼	110 6	110 6	112.1	3 50	41597
U S Govmt Bond	1¼	$0.7131	0 7131	0 7224	0.00	41598
Gilt Income	4	52.72	52.72	54 86	8 00	47808
Gilt Growth	4	66.86	66.86	69 59	0 00	47809
City Reserve	0	52.37	52 37	52.37	5.83	47086
Woolwich Unit Trust Managers Ltd (1700)H						
2 White Oak Square Swanley BR8 7AG 081 2984000						
Stockmarket Fd F	5	66.40	66 59	70 83	2.17	45998

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	Yield Gross	City-line
Baillie Gifford & Co Ltd				
Int'l Exmt Mar 17	660.6	682.7	1.12	40105
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	53.51	55 52	5 1	-
Income Plus	51.01	52.09	7.5	-
James Capel Fund Managers Ltd				
European Exempt	£109 268	110.527	2 84	-
Japanese Exempt	£120 828	122.722	-	-
Managed Exempt	£138 078	137 466	2.99	43128
North American Exempt	£103.209	104 938	1 14	-
Pacific Exempt	£111 731	114.008	2.74	-
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Feb 28	604.15	609 40	4 74	40251
Fxd Int Sec Feb 28	155 70	156.45	9 27	40252

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INSURANCES

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FT MANAGED FUNDS SERVICE

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Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	Yield Gross	City-line
Life Funds				
Adventurous Mngd.	167.7	178.5	–	46402
Balanced Grth Mngd	686.9	730.8	–	43315
Cautious Mngd	130.3	138.7	–	46403
Cash Fd	319.0	336.2	–	43316
Property Fund	217.1	231.0	–	43317
Gilt Fund 20	453.2	482.2	–	43329
Equity Fund	787.2	837.5	–	43318
Fxd. Int. Fund	424.6	447.5	–	43319
International	350.6	373.0	–	43320
High Income	621.2	660.9	–	43321
Technology	462.0	491.5	–	43325
North American	475.6	506.0	–	43323
Far East	464.3	494.0	–	43322
Special Sits.	559.2	594.9	–	43324
Extra Inc Fd.	333.1	354.4	–	43326
American Income	190.8	203.0	–	43328
Convertible & Gilt Fd	162.3	172.7	–	43327
European Fund	126.6	134.7	–	43330
Pref & Fixed Int	114.3	121.7	–	46332
UK Blue Chip	119.6	126.1	–	47044
Recovery Fund	122.4	129.0	–	47056
Equity Income Dist.	111.1	118.2	5.08	47816
Managed Dist.	104.5	111.2	5.77	47817
High Yield Dist.	105.3	111.0	7.75	44422
Pension Funds				
Adventurous Mngd Pens Acc	178.9	188.4	–	46404
Balncd Gth Mngd Pens Acc	812.7	855.5	–	43331
Cautious Mngd Pens Acc	151.3	159.3	–	46405
Building Soc. Acc.	368.7	388.2	–	43332
Property Pens. Acc.	296.4	312.0	–	43333
Fx. Int. Pens. Acc.	678.8	714.6	–	43334
Equity Pens. Acc.	1042.7	1097.6	–	43335
International Pens Acc.	329.2	346.6	–	43336
High Inc Pens Acc.	704.0	741.1	–	43337
Tech Pens Acc.	326.2	343.4	–	43338
N American Pens Acc.	367.2	386.6	–	43339
Far Eastern Pens Acc.	474.2	499.2	–	43340
Special Sits Pens Acc.	462.6	487.0	–	43341
Extra Income Pens Fd.	412.3	434.1	–	43342
American Inc Pens.	221.8	233.5	–	43344
Convertible & Gilt Pen.	197.6	208.1	–	43345

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	Yield Gross	City-line
Deposit Acc Fd	169.6	178.6	–	43575
Equity Acc Fd.	415.4	437.2	–	43576
Managed Acc Fd.	367.9	387.2	–	43577
Prop Fd (1st issue)	–	467.2	–	43578
Prop Acc. Fd (2nd iss)	128.7	135.5	–	43579
Unit Trust Mn. Fd	178.4	187.8	–	43580
RL Pension Funds				
Deposit Acc.	247.3	260.3	–	43581
Equity Acc.	319.6	330.1	–	43582
Fixed Int Acc	256.5	270.0	–	43583
Gilt Indx Lnk Acc.	195.5	205.8	–	43584
Managed Acc.	411.9	433.6	–	43585

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302 Helpline. 041 307 6500

	Bid Price	Offer Price	Yield Gross	City-line
Life Funds				
Income Distribution	98.3	103.5	–	–
JRA/M&G Managed	121.0	127.4	–	46639
JRA/Scottish Amicable Mngd	116.9	123.1	–	46996
JRA/St James's Place Mngd	123.9	130.5	–	47199
Deposit	100.7	106.0	–	46281
Far East	127.5	134.3	–	46304
Gilts	110.6	116.5	–	46397
Greater European	115.8	121.9	–	46488
North American	136.6	143.8	–	46859
UK Equity	121.8	128.3	–	47134
Pension Funds				
JRA/M&G Managed cap	119.8	126.2	–	46800
JRA/M&G Managed acc	124.7	131.3	–	46714
JRA/Scottish Amicable Mngd cap	117.1	123.3	–	47129
JRA/Scottish Amicable Mngd acc	121.8	128.3	–	47128
JRA/St James's Pl Mngd cap	129.7	136.6	–	47131
JRA/St James's Pl Mngd acc	134.9	142.1	–	47130
Deposit cap	100.4	105.7	–	46285
Deposit acc	104.5	110.0	–	46284
Far East cap	125.4	132.1	–	46395
Far East acc	130.5	137.4	–	46358
Gilts cap	108.3	114.0	–	46401
Gilts acc	112.6	118.6	–	46399
Greater European cap	117.4	123.6	–	46678
Greater European acc	122.1	128.6	–	46489
North American cap	133.4	140.5	–	46957

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OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	Yield Gross	City-line
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.49	11.98	-	44455
B F Offshore Inc Fd Ltd	£12.68	13.21	-	46680
IMC Offshore Fd	£10.18	11.03	-	46450
Nelson Hilton W/W S/S	£11.96	12.28	-	46581

JERSEY (SIB RECOGNISED)

Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey						0534 36633
AIB Currency Funds Ltd						
Intl Managed Bond	5		IC- 22.7766	22.7910	-	47337
Managed Capital Bd	5		IC- 22.6885	22.7203	-	47754
AIB Grofund Currency Fund Limited						
Stlg Mngd Currency	5		£-	11.1081	-	44685
Sterling Currency Fd	5		£-	10.7064	-	44683
Ecu Currency	5		Ecu-	11.1559	-	44682
US Dollar Mngd Curr	5		$-	21.7518	-	47336
Barclays International Funds						
PO Box 152, St Helier, Jersey CI						0534 67888
Australian Eq (Inc)	5¼	£1.086	1.090	1.166	0.9	44738
Global Income (Inc)	5¼	£0.567	0.563	0.602	2.6	44738
Global Resources	5¼	£0.458	0.463	0.495	0.2	44742
Currency Funds						
Stlg Premium Income		£10.03		10.04	5.4	47486
Sterling			£-	23.87	5.2	44718
US Dollar			$-	32.64	1.8	44719
Deutschemark			DM-	61.81	7.2	44720
Yen			Y-	4237	1.6	44721
Managed Multi-currency			£- 15.63	16.19	-	44722
Managed Multi-currency			$- 26.13	27.05	-	44723
Bond Funds						
Sterling Bond	3½		£- 0.439	0.458	9.0	44724
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, St Helier Jersey						0534 74689
Capital House International Growth Funds Ltd ◆						

	Bid Price	Offer Price	Yield Gross	City-line
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Mar 18	$36.00	38.28	-	49567
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3.8766	4.1197	-	45591
Offshore Japanese Gwth Fd	$1.0950	1.0999	-	47690
Offshore Asn Gwth Fd	$6.7876	7.2132	-	45592
Offshore Emerging Cos	$4.3842	4.5529	-	45593
Offshore European Fd	$1.5457	1.6427	-	45594
Offshore Asia Smaller Mkts	$0.9502	1.0000	-	-
Offshore Global Bond	$1.0064	1.0484	-	-
Offshore Global Bond Acc	$1.0064	1.0484	-	-
Offshore Far Eastn Fd	$2.5927	2.7553	-	45595
Offshore UK Growth Fd	$2.1085	2.2408	-	45596
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Mar 12		$4.20	-	47465
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£16.46	16.71	1.43	45838
LFM Defensive Strtgy	£12.06	12.71	-	41663
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (x)†	101.10	102.30	6.75	45738
International Bond (x)†	$1.152	1.164	5.15	45740
†Prices on Mar 17. Next dealing Mar 24				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling		£37.0542	4.74	45763
US $		$48.9760	1.89	45764
D-Mark		DM88.9133	7.49	45765
Swiss franc		SFr78.3506	4.28	45766
Yen		Y5189.01	1.96	45767
Scimitar Worldwide Money Fund Ltd				
Sterling		£25.9411	6.84	45808
US $		$37.4257	2.45	45809
D-Mark		DM81.9245	7.21	45810
Swiss Franc		SFr60.9146	5.45	45811
Japanese Yen		Y7723.7862	2.50	45812
Australian $		A$41.8283	5.14	45813
Canadian $		C$34.5779	5.14	45814
Ecu		Ecu16.4718	8.79	45815
US$ Managed	$39.2379	40.4515	2.41	45816
Sterling Managed	£24.5287	25.2873	4.01	45817

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE AND MONEY MARKETS

Test for franc

THE FOCUS in foreign exchange markets this week will be on the French franc, and whether it moves nearer to its floor against the D-Mark in the exchange rate mechanism, *writes James Blitz.*

Last week's decision by the Bundesbank's policy-making council to reduce its discount rate by 50 basis points triggered this latest bout of weakness for the French currency.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The results of yesterday's first round in the French parliamentary election could also have a significant impact on the franc in the next few days.

According to Mr Paul Chertkow, global currency strategist at UBS Phillips and Drew in London, the market was disappointed that the Lombard rate, which sets the effective ceiling for German rates, was not reduced by the Bundesbank on Thursday.

However, he believes that foreign exchange dealers had not appreciated that a cut in the Lombard rate would have been technically difficult because of the high level of call money, which, on Friday, was at 8.58 per cent. The recent changes in minimum reserve requirements have temporarily kept the cost of call money high.

Mr Chertkow believes that the pressure on the franc will be alleviated if the Bundebank cuts the rate at which it offers funds to commercial banks by 25 basis points to 8.00 per cent tomorrow.

"If they cut rates now, we will clearly have seen in the course of this year the establishment of an accommodative posture by the Bundesbank," he said.

Even if the Bundesbank does ease the repo rate again, there will still be concerns that a new right-wing french government might abandon the *franc fort* policy. The market may be anxious to see that an easing in German rates is followed by a fall in French ones.

£ IN NEW YORK

Mar 19	Close	Previous Close
£ Spot	1.4895-1.4905	1.4855 1.4865
1 month	0.39-0.38pm	0.38 0.37pm
3 months	1.05-1.03pm	1.01 0.98pm
12 months	3.27-3.17pm	2.81 2.76pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.19	Previous
8.30 am	79.0	78.0
9.00 am	79.1	78.0
10.00 am	79.1	78.0
11.00 am	79.1	78.0
Noon	79.4	78.5
1.00 pm	79.4	78.8
2.00 pm	79.5	79.1
3.00 pm	79.4	79.1
4.00 pm	79.3	79.2

CURRENCY MOVEMENTS

Mar 19	Bank of England Index	Morgan** Guaranty Changes %
Sterling	79.3	−30.70
U.S Dollar	65.5	−11.90
Canadian Dollar	97.0	−5.20
Austrian Schilling	115.6	+17.00
Belgian Franc	116.3	+2.00
Danish Krone	119.0	+12.50
D-Mark	125.7	+32.20
Swiss Franc	110.1	+18.30
Dutch Guilder	119.9	+21.20
French Franc	109.6	−7.10
Lira	78.6	−36.10
Yen	165.0	+101.80
Peseta	99.3	−24.60

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Mar.18

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	111-27	112-18	111-16	111-28
Jun	110-14	111-08	110-03	110-18
Sep	109-06	109-31	108-30	109-10

Previous day's open int: Calls 538,570 Puts 429,277 (All currencies)
Previous day's volume: Calls 28,733 Puts 14,455 (All currencies)

OTHER CURRENCIES

Mar 19	£	$
Argentina	1.4910 - 1.4925	0.9990 - 1.0000
Australia	2.0885 - 2.0905	1.3965 - 1.3975
Brazil	33645.0 - 33646.5	22857.0 - 22857.5
Finland	8.8500 - 8.8875	5.9250 - 5.9550
Greece	327.250 - 333.800	222.100 - 225.530
Hong Kong	11.5230 - 11.5355	7.7300 - 7.7310
Iran	2200.00*	1485.00*
Korea(Sth)	1165.40 - 1184.20	789.60 - 795.80

POUND SPOT - FORWARD AGAINST THE POUND

Mar 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4770 - 1.4970	1.4890 - 1.4900	0.39-0.37cpm	3.06	1.08-1.05pm	2.86
Canada	1.8410 - 1.8630	1.8575 - 1.8585	0.24-0.10cpm	1.10	0.36-0.21pm	0.61
Netherlands	2.7250 - 2.7475	2.7275 - 2.7375	½-⅝cdis	−1.92	1-1¼dis	−1.65
Belgium	50.05 - 50.35	50.05 - 50.15	9-13cdis	−2.63	24-30dis	−2.16
Denmark	9.3575 - 9.4150	9.3600 - 9.3700	6½-9¼oredis	−10.25	21½-26dis	−10.14
Ireland	1.0010 - 1.0085	1.0030 - 1.0040	0.42-0.47cdis	−5.32	1.18-1.28dis	−4.90
Germany	2.4275 - 2.4425	2.4300 - 2.4350	⅜-½pfdis	−2.16	1⅛-1¼dis	−1.95
Portugal	225.00 - 227.50	225.25 - 226.25	225-241cdis	−12.39	536-599dis	−10.06
Spain	173.85 - 175.00	173.95 - 174.25	154-179cdis	−11.48	414-447dis	−9.89
Italy	2351.50 - 2366.00	2351.75 - 2352.75	9-11liredis	−5.10	29-31dis	−5.10
Norway	10.3100 - 10.4550	10.3125 - 10.3225	1¼-3¼oredis	−2.62	5½-8¼dis	−2.67
France	8.2800 - 8.3350	8.2875 - 8.2975	4½-5¼cdis	−7.05	11½-12¾dis	−5.76
Sweden	11.4625 - 11.5475	11.4525 - 11.4625	2⅞-5oredis	−4.12	9¾-11⅞dis	−3.71
Japan	171.75 - 173.50	172.25 - 173.25	½-⅜yenpm	3.04	1¼-1⅛pm	2.75
Austria	17.08 - 17.28	17.10 - 17.13	1⅞-2⅞grodis	−1.67	6¾-8¼dis	−1.69
Switzerland	2.2300 - 2.2550	2.2450 - 2.2550	½-⅜cpm	2.33	⅝-½pm	0.89
Ecu	1.2570 - 1.2625	1.2580 - 1.2590	0.35-0.40dis	−3.58	0.88-0.97dis	−2.94

Commercial rates taken towards the end of London trading. Six-month forward dollar 2.01-1.96pm. 12 Month 3.37-3.27pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4770 - 1.4970	1.4890 - 1.4900	0.39-0.37cpm	3.06	1.08-1.05pm	2.86
Ireland†	1.4715 - 1.4900	1.4865 - 1.4875	0.99-0.92cpm	7.71	2.75-2.65pm	7.26
Canada	1.2415 - 1.2470	1.2460 - 1.2470	0.19-0.21cdis	−1.93	0.60-0.66dis	−2.02
Netherlands	1.8300 - 1.8475	1.8340 - 1.8350	0.73-0.76cdis	−4.87	1.96-2.02dis	−4.34
Belgium	33.60 - 33.90	33.60 - 33.70	14.00-16.00cdis	−5.35	39.00-43.00dis	−4.87
Denmark	6.2825 - 6.3300	6.2850 - 6.2900	6.50-9.00oredis	−14.79	17.50-21.50dis	−12.41
Germany	1.6270 - 1.6450	1.6325 - 1.6335	0.73-0.74pfdis	−5.40	1.92-1.95dis	−4.74
Portugal	150.70 - 152.35	150.95 - 151.05	175-195cdis	−14.70	440-500dis	−12.45
Spain	116.65 - 117.80	116.70 - 116.80	138-146cdis	−14.60	365-385dis	−12.85
Italy	1578.00 - 1595.50	1579.00 - 1579.50	10.60-11.40liredis	−8.36	30.70-31.70dis	−7.90
Norway	6.9125 - 6.9950	6.9250 - 6.9300	3.20-3.70oredis	−5.98	9.10-9.90dis	−5.49
France	5.5425 - 5.6150	5.5650 - 5.5700	4.40-4.60cdis	−9.70	11.95-11.70dis	−8.38
Sweden	7.6600 - 7.7925	7.6900 - 7.6950	4.25-4.85oredis	−7.10	11.90-12.90dis	−6.45
Japan	115.65 - 116.35	115.85 - 115.95	0.02-0.03ydis	−0.26	0.01-0.02dis	−0.05
Austria	11.4950 - 11.5750	11.5075 - 11.5125	4.60-4.95grodis	−4.98	12.10-13.20dis	−4.40
Switzerland	1.4990 - 1.5115	1.5095 - 1.5105	0.26-0.29cdis	−2.19	0.65-0.70dis	−1.79
Ecu†	1.1770 - 1.1900	1.1865 - 1.1875	0.66-0.64cpm	6.57	1.71-1.67pm	5.70

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

Mar.19	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.489	2.432	172.7	8.292	2.250	2.732	2352	1.858	50.10	174.1	1.258
$	0.672	1	1.633	116.0	5.569	1.511	1.835	1580	1.248	33.65	116.9	0.845
DM	0.411	0.612	1	71.01	3.410	0.925	1.123	967.1	0.764	20.60	71.59	0.517

MONEY RATES

Mar 19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.55-8.65	8.25-8.35	7.85-8.00	7.65-8.00	7.25-7.40	9.00
Paris	10⅞-11⅛	12-12½	-	11¼-11⅝	-	9.10
Zurich	4⅞-5⅛	5-5¼	-	4⅞-5	-	-
Amsterdam	7.87-7.93	7.68-7.73	-	7.30-7.38	-	-
Tokyo	3⅛-3⅜	3⅛-3⅜	-	3⅛-3⅜	-	-
Milan	-	11⅜-11⅞	-	11⅜-11⅞	-	-
Brussels	8⅜-8⅞	8⅛-8⅞	-	8-8¼	-	-
Dublin	10¼-10½	11-11⅛	10⅞-11	10⅝-10⅞	10⅛-10¼	-

LONDON MONEY RATES

Mar 19	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6	6⅛	6⅛	6⅛	6⅛	5½
Interbank Bid	4½	5⅞	6	6	5⅞	5¼
Sterling CDs	–	–	6⅛	5⅞	5⅞	5¾
Local Authority Deps.	6¼	6¼	6	5⅞	5⅞	5¾
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps	5⅛	5⅞	–	–	–	–
Company Deposits	–	–	–	–	–	–
Finance House Deposits	–	–	6	5⅞	5⅞	5⅝
Treasury Bills (Buy)	–	–	5⅝	5⅞	5½	–
Bank Bills (Buy)	–	–	5¾	5⅞	5⅝	–
Fine Trade Bills (Buy)	–	–	–	–	–	–
Dollar CDs	–	–	3.02	3.06	3.13	3.35
SDR Linked Dep. Offer	–	–	5⅛	5	4⅞	4⅞
SDR Linked Dep. Bid	–	–	5	4⅞	4¾	4⅝
ECU Linked Dep. Offer	–	–	9⅝	9⅛	8⅛	8
ECU Linked Dep. Bid	–	–	9½	8⅞	8	7⅞

Treasury Bills (sell); one-month 5⅝ per cent; three months 5½ per cent; six months 5⅜ per cent; Bank Bills (sell): one-month 5⅞ per cent; three months 5⅞ per cent; Treasury Bills; Average tender rate of discount 5.4007. ECGD Fixed Rate Sterling Export Finance. Make up day February 26, 1993. Agreed rates for period March 24, 1993 to April 25, 1993, Scheme I: 7.35 p.c., Schemes II & III: 7.47 p.c. Reference rate for period January 30, 1993 to February 26, 1993, Scheme IV&V: 6.228 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7 from March 1, 1993: Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ per cent; one-three months 5¼ per cent; three-six months 5 per cent; six-nine months 4¾ per cent; nine-twelve months 4½ per cent; Under £100,000 2¾ per cent from Jan.27, 1993, Deposits withdrawn for cash 1¼ per cent.

WEEKLY CHANGE IN WORLD INTEREST RATES

	Mar.19	change		Mar.19	change
TOKYO			One mth. Interbank	12¼	+1⅛
One month	3⅜	+⅛	Three month	11⅞	+⅜
Three month	3¼	−⅛	MILAN		
BRUSSELS			One month	11⅛	−⅜
One month	8⅝	+⅛	Three month	11⅝	−⅛
Three month	8⅛	Unch'd	DUBLIN		
AMSTERDAM			One month	11⅛	Unch'd
One month	7.705	−0.22	Three month	10⅞	−¼
Three month	7.34	−0.26			

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	NatWestminster	6
Allied Trust Bank	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	6.5
AIB Bank	6	Equatorial Bank plc	6	●Rea Brothers	6
●Henry Ansbacher	6	Exeter Bank Limited	7	Roxburghe Bank Ltd	8
B & C Merchant Bank	13	Financial & Gen Bank	7	Royal Bk of Scotland	6
Bank of Baroda	6	●Robert Fleming & Co	6	●Smith & Williamson Secs.	6
Banco Bilbao Vizcaya	6	Girobank	6	Standard Chartered	6
Bank of Cyprus	6	●Guinness Mahon	6	TSB	6
Bank of Ireland	6	Habib Bank AG Zurich	6	Unibank plc	6
Bank of India	6	●Hambros Bank	6	●United Bk of Kuwait	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	Unity Trust Bank Plc	6
Barclays Bank	6	●Hill Samuel	6	Western Trust	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Hongkong & Shanghai.	6	Yorkshire Bank	6
CL Bank Nederland	6	Julian Hodge Bank	6		
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6	Mount Banking	6		

● Members of British Merchant Banking & Securities Houses Association

STOCK INDICES

	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 12	1992/93 High	1992/93 Low	Since Compilation High	Since Compilation Low
FT-SE 100	2900.1	2879.7	2889.9	2919.3	2922.4	2915.9	2957.3	2281.0	2957.3	986.9
FT-SE Mid 250	3154.7	3133.3	3125.9	3118.9	3112.0	3099.5	3154.7	2157.8	3154.7	1379.4
FT-SE-A 350	1438.5	1428.5	1431.7	1442.4	1442.9	1439.1	1457.1	1103.1	1457.1	664.5
FT-A All-Share	1421.34	1411.80	1414.57	1424.79	1424.95	1421.34	1438.22	1086.13	1438.22	61.92
FT-SE Eurotrack 100	1145.37	1148.55	1146.10	1151.53	1153.62	1145.86	1200.27	937.42	1200.27	900.45
FT-SE Eurotrack 200	1223.70	1222.53	1214.92	1222.33	1219.52	1212.44	1248.79	1010.09	1248.79	938.62
FT Ordinary	2268.6	2247.3	2249.0	2273.3	2269.8	2268.0	2299.5	1670.0	2299.5	49.4
FT Government Secs.	97.56	97.73	97.34	97.23	97.74	97.69	98.04	85.11	127.40	49.18
FT Fixed Interest	113.29	112.91	112.90	113.68	113.61	113.46	113.83	97.15	113.83	50.53
FT Gold Mines	101.2	97.9	97.1	97.7	98.0	97.6	160.6	60.0	734.7	43.5

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	FRIDAY MARCH 19 1993 US Dollar Index	% chg ($) since 31/12/92	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg from 31/12/92	Gross Div. Yield	THURSDAY MARCH 18 1993 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	141.00	+12.7	140.35	103.30	119.71	131.01	+8.3	3.76	140.23	140.95	103.62	120.59	130.62	153.68	108.18	143.43
Austria (18)	146.87	+4.8	146.19	107.61	124.70	124.83	+6.3	1.82	145.78	146.53	107.73	125.38	125.70	186.70	131.16	172.89
Belgium (42)	149.78	+12.4	149.07	109.71	127.15	124.28	+13.8	4.88	147.26	148.02	108.81	126.63	123.66	152.27	131.19	136.59
Canada (113)	124.93	+8.0	124.35	91.52	106.06	112.76	+5.9	2.97	124.20	124.84	91.77	106.79	112.15	142.12	111.36	129.78
Denmark (33)	200.54	+7.7	199.61	146.92	170.26	171.49	+8.0	1.35	200.06	201.09	147.84	172.04	173.19	273.94	181.70	232.65
Finland (23)	74.74	+7.4	74.39	54.76	63.45	93.17	+21.9	1.36	73.53	73.91	54.34	63.23	92.82	89.80	52.84	79.51
France (98)	157.03	+6.7	156.30	115.03	133.30	137.14	+7.5	3.19	155.04	155.84	114.56	133.31	137.17	168.75	136.93	149.29
Germany (62)	114.44	+10.0	113.91	83.85	97.16	97.16	+10.9	2.19	112.88	113.46	83.42	97.06	97.06	129.69	101.59	116.93
Hong Kong (55)	243.81	+10.0	242.68	178.62	207.01	241.98	+9.9	3.79	242.59	243.84	179.26	208.61	240.83	262.28	176.36	206.41
Ireland (16)	153.77	+13.3	153.06	112.66	130.55	145.71	+23.6	3.60	145.49	146.24	107.51	125.11	139.64	173.71	122.98	156.17
Italy (73)	58.31	+6.3	58.04	42.72	49.50	68.77	+13.9	2.90	57.85	58.14	42.74	49.74	69.02	80.86	47.47	70.76
Japan (472)	122.00	+16.2	121.43	89.38	103.59	89.38	+7.8	0.93	120.96	121.58	89.38	104.03	89.38	140.95	87.27	106.58
Malaysia (69)	278.41	+8.5	277.12	203.96	236.36	278.14	+5.6	2.40	278.22	279.65	205.58	239.23	278.54	282.42	212.49	242.33
Mexico (18)	1546.73	−6.1	1539.55	1133.17	1313.16	5269.50	−6.3	1.14	1544.05	1552.00	1140.97	1327.75	5262.08	1789.77	1185.84	1674.32
Netherland (24)	167.39	+10.6	166.61	122.63	142.12	140.15	+11.5	4.03	164.92	165.76	121.86	141.82	139.93	169.70	147.88	148.54
New Zealand (13)	47.03	+9.7	46.81	34.46	39.93	46.82	+5.7	4.67	46.74	46.98	34.54	40.19	46.42	48.52	37.39	44.99
Norway (22)	155.06	+12.6	154.35	113.61	131.65	145.80	+12.8	1.81	153.03	153.81	113.08	131.59	145.91	192.95	128.05	170.01
Singapore (38)	220.67	+3.4	219.64	161.67	187.34	166.97	+3.5	1.99	220.11	221.24	162.65	189.27	166.86	229.63	179.65	204.65
South Africa (60)	171.12	+15.5	170.33	125.38	145.28	171.95	+9.4	2.93	165.74	166.59	122.47	142.52	168.45	263.60	134.21	227.17
Spain (46)	127.31	+9.2	126.72	93.27	108.08	112.80	+11.3	5.36	125.69	126.34	92.88	108.08	112.60	161.72	107.10	150.27
Sweden (36)	161.38	−2.5	160.63	118.23	137.01	183.77	+6.0	1.90	160.79	161.62	118.82	138.27	185.55	200.28	149.69	185.71
Switzerland (56)	116.14	+2.8	115.60	85.09	98.61	108.72	+5.9	1.99	113.98	114.56	84.23	98.02	107.44	122.37	95.99	98.02
United Kingdom (226)	174.68	+1.3	173.87	127.96	148.29	173.87	+3.0	4.23	171.68	172.56	126.85	147.61	172.56	200.07	161.86	167.82
USA (522)	183.64	+3.1	182.79	134.54	155.92	183.64	+3.1	2.76	184.37	185.32	136.24	158.55	184.37	186.27	160.92	167.94
Europe (775)	142.49	+4.8	141.83	104.39	120.98	133.41	+6.9	3.47	140.36	141.08	103.72	120.70	132.88	156.88	131.31	139.68
Nordic (114)	150.70	+1.6	150.00	110.41	127.95	150.09	+7.9	1.71	149.94	150.71	110.79	128.93	151.28	188.52	141.24	173.42
Pacific Basin (715)	126.52	+15.3	125.93	92.69	107.42	95.35	+7.9	1.26	125.61	126.15	92.75	107.93	95.32	141.97	93.70	111.25
Euro – Pacific (1490)	132.93	+10.5	132.32	97.38	112.85	110.71	+7.5	2.22	131.47	132.14	97.14	113.04	110.50	145.21	113.80	122.86
North America (635)	179.99	+3.3	179.15	131.88	152.83	178.83	+3.2	2.77	180.63	181.56	133.49	155.35	179.47	182.38	158.70	165.54
Europe Ex. UK (549)	122.69	+7.3	122.12	89.90	104.18	110.85	+9.6	2.94	121.04	121.66	89.46	104.11	110.68	132.98	111.33	122.20
Pacific Ex. Japan (243)	171.05	+9.9	170.25	125.33	145.23	155.83	+8.1	3.47	170.29	171.17	125.86	146.45	155.35	175.31	146.06	157.24
World Ex. US (1681)	133.92	+10.3	133.30	98.12	113.70	112.73	+7.4	2.25	132.44	133.12	97.87	113.89	112.47	146.91	115.99	125.26
World Ex. UK (1977)	147.28	+7.9	146.60	107.91	125.05	130.64	+5.8	2.26	146.76	147.51	108.45	126.21	130.79	150.58	127.21	135.94
World Ex. So. Af. (2143)	149.64	+7.1	148.95	109.64	127.05	134.13	+5.5	2.45	148.94	149.71	110.07	128.09	134.19	153.05	130.04	138.14
World Ex. Japan (1731)	165.83	+4.2	165.06	121.50	140.81	160.50	+4.6	3.03	165.24	166.09	122.11	142.11	160.56	166.44	151.93	156.95
The World Index (2203)	149.68	+7.2	148.98	109.66	127.08	134.49	+5.5	2.46	148.94	149.71	110.08	128.08	134.53	153.70	130.66	138.71

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.087 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

LONDON RECENT ISSUES

FIXED INTEREST STOCKS

RIGHTS OFFERS

BANK OF ENGLAND TREASURY BILL TENDER

EURO-CURRENCY INTEREST RATES

FT LONDON INTERBANK FIXING

CURRENCY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

BRITISH FUNDS

OTHER FIXED INTEREST

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	W'k% ch'nge	Div gross	Dividends paid	Last xd	City line
Abbott Labs		17¼xd	-6.1	60c	FeMyAuNv	12.1	1503
Allegheny & W	♥	527p	-4.7	30c	–	–	–
Amdahl		619p	-5.6	10c	NvFeJaAu	31.1	–
Amer Cyanamid		34⅛	-4.5	$1.65	MrJeSeDe	4.3	–
Amer Express		18⅞xd	-.7	$1.00	FeMyAuNv	28.9	1504
Amer T & T		39½xd	-2.2	$1.32	FeMyAuNv	29.12	1597
Ameritech		51	-.2	$3.68	FeMyAuNv	28.3	–
BankAmerica		35¾xd	-6.6	$1.40	MrJeSeDe	18.2	1744
Bankers NY		50⅛xd	-2.1	$3.12	ApJyOcJa	24.12	1745
Bell Atlantic		35½	-0.7	$2.60	FeMyAuNv	4.7	–
BellSouth		37⅛	-2.1	$2.76	FeMyAuNv	5.4	–
Bethlehem Steel	♥	12¾xd	-4.4	–	MrJeSeDe	6.2	1821
Bowater		1641pxd	-1.1	90c	OcJaApJy	9.3	1884
CPC		31⅞xd	-5.8	$1.20	JaApJyOc	29.12	2263
Cadiz Land Inc	♥	115p	–	–	†	–	–
California Engy		1433p	-.1	–	–	–	–
Chase Manhattan		23⅞xd	-2.3	$1.20	FeMyAuNv	28.1	2109
Chrysler		26¾xd	-1.6	60c	ApJyOcJa	16.3	2135
Citicorp		19⅝xd	-2.5	–	–	23.10	2141
Colgate-Palm		45⅛xd	-1.1	$1.24	FeMyAuNv	22.7	2184
Cont'l Bank		1758p	-1.3	60c	DeMrJeSe	31.8	–
Dana		39⅝xd	-8.9	$1.60	MrJeSeDe	24.2	2305
Data General		878p	-6.8	–	–	–	–
Decora Inds.	♥	146p	–	–	†	–	–
Dun & Brad		48¼	-5.0	$2.28	MrJeSeDe	13.2	–
Eaton		58⅝	-4.6	$2.20	FeMyAuNv	2.2	2410
Echlin		16¼xd	-4.3	70c	JaApJyOc	29.12	3046
FPL		25½xd	-5.0	$2.44	MrJeSeDe	25.8	–
Ford Motor		34⅞	1.3	$1.60	MrJeSeDe	26.1	2615
Gen Elect		56⅛xd	-2.6	$2.52	JaApJyOc	4.3	2675
General Host	♥	628p	-5.1	34c	†	13.12	–
Gillette		49⅝xd	-4.7	72c	MrJeSeDe	27.1	2685
Hasbro		26⅞	–	24c	FeApJyNv	1.6	–
Honeywell		22¼xd	-2.7	88c	MrJeSeDe	23.2	2919

BUILDING MATERIALS - Cont.

	Notes	Price
Tarmac		119
Tilbury		203
Travis Perkins		192
Tudor		26
Unigroup		24
Waterhouse		38
Wickes		109
Wolseley		594

BUSINESS SERVICES

	Notes	Price
ADT $		650
Adam & Harvey		218
Air London		86
African Lakes		60
Autot'ed Sec		159
BET		97
BMB Res		68
BPP		259
Barbour Index		275
Boxmead		19
Bridgend		15
Brit Data Mangt		230xd
Brooks Service		61
CRT		98xd
Capita		478xd
Casket		33½
Chiltern Capital AS		54
Christie Group		31
Chubb Security		277
Comtec		37

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

	Notes	Price	Wk % ch'nge	Div net	Dividends paid	Mkt cap£m	Last xd	City line
Scottish Inv	♣□	199	0.5	4.62	Feb Jul	400.4	4.1	3963
Warrants	□	44½	-3.3	–	–	22.6	–	5063
Scot Mortgage	♣†□	181½	-1.3	3.9	Jul Dec	698.7	2.11	5004
Scot National Inc	♣□	80½	-5.5	7.5	ApJyOcJa	139.1	15.2	3961
Cap	□	24	4.3	–	–	15.3	–	3965
Stepped Pf		152½	-1.3	8.68	Sep Mar	48.7	15.2	3962
Zero Div Pf		205	–	–	–	132.8	–	3964
Warrants		3½	–	–	–	0.45	–	3963
Scot Value		78	-.8	1.8	Jan Oct	37.4	7.9	2705
Sec Alliance	♣†	1478	-1.0	38.8	Apr Oct	283.8	1.3	3974
Second Consid	□	108	0.9	–	–	38.9	–	3070
Second Market		320	0.3	1.5	May	31.7	6.4	3976
Sec Tst Scot	♣□	81¼	-3.0	3.25	Jul Dec	288.2	2.11	3977
Select Assets		127	-.8	1.2	Apr	38.7	1.3	5065
Eq Ind Sed		132	-1.5	4.25	JaApJlOc	23.3	11.1	4609
Eq Ind Sed		132	-1.5	4.25	JaApJlOc	28.9	11.1	5085
SHIRESCOT		119	-2.5	5.25	DeMrJeSe	15.1	1.3	1335
Shires		255xd	-.8	18.4	ApJyOcJa	84.3	15.3	4814
11pc Cv Ln '03/04		£127½	1.2	011%	Sep Mar	29.2	1.3	4002
Siera Select		132	–	0.25	Sep	19.8	24.8	1397
Warrants		35	–	–	–	1.08	–	1379
Smaller Cos	□	98	1.1	2.8	Apr Oct	14.4	1.3	3988
Warrants		24	–	–	–	0.72	–	3989
Sphere Inc	♣□	18½	-7.1	3.1	MyAuNvFe	23.6	1.2	4279
Zero Div Pf		84½	0.6	–	–	89.7	–	5227
Surnit		47xd	3.3	1.4	May	3.37	15.3	4132
TR City of Lon	□	133½	-2.2	4.78	FeMyAuNv	255.3	18.1	4271
TR Euro Growth	♣□	186	–	1.35	Oct	39.2	7.9	4690
Pig Sub		83½	-.9	1.35	Oct	1.84	7.9	–
TR Far East Inc	♣†□	134	–	4.5	ApJyOcJa	82.3	15.2	4280
Warrants		28	-13.4	–	–	2.88	–	–
TR High Inc		115	-1.7	6.0	ApJyOcJa	38.6	4.1	2087
Sub		38	–	1.5	Jul	0.86	13.7	2088
TR Pacific	♣□	130xd	2.0	0.35	Apr	87.1	15.3	4281
TR Prop	♣†□	22½	7.1	1.45	Jan Jul	84.6	30.11	4282
TR Smaller	♣□	164	-1.2	3.7	Mar Sep	282.2	1.2	4285
TR Technology	♣□	60	-4.8	1.75	Aug	28.4	13.7	4282
Units		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	Wk % ch'nge	Div net	Div cvr	Dividends paid	Last xd	City line
Europa Mins		15	–	–	–	–	–	3427
Glencar Expl ‡	†‡	7	–	–	–	–	–	–
Greenwich Res	♣□	12½	-5.7	–	–	–	–	2773
Hemlo Gold C$		£4⅝	–	020c	–	Dec Jun	8.11	–
Ivernia West ‡	‡‡□	48	11.6	–	–	–	–	–
Kenmare	♣□	7	–	–	–	–	–	1453
Mallorga Res		16	-17.9	–	–	–	–	–
Navan Res ‡	♣	28	-1.8	–	–	–	–	1165
5pc Ln Notes		31	6.9	–	–	–	–	–
Oryx Gold		55½	-2.6	–	–	–	–	3686
Plateau		35	–	–	–	–	–	3467
RTZ	♣□	581xd	0.7	19.6	1.1	Dec Jul	15.3	3880
Vizcaya	♣□	4½	–	–	–	–	–	4193

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT.

z Dividend includes a special payment: Cover does not apply to special payment. E Auction basis. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1992-93. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94.

N Dividend based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close March 19

1992/93 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10¾	AAR Corp	0.48	4.0	22	419	12	11⅝	12	+⅛
28½	18	A L Labs A	0.18	0.8	35	224	22¼	21⅝	21¾	-⅛
68¾	52⅝	AMP Inc	1.60	2.7	21	2870	61⅜	60	60⅛	-½
80¼	54⅜	AMR			9	7106	61¾	61	61	-⅛
2⅜	1⅜	ARX			10	116	1⅞	1¾	1¾	-⅛
53½	29⅞	ASA	2.00	5.0	28	1177	40½	39¾	39⅞	+½
34¾	22⅝	Abbott Lab	0.60	2.5	16	23606	25½	23⅞	23⅞	-1⅝
13⅞	10¼	Abitibi Pr	0.50	4.5	3	508	11⅛	11	11⅛	+⅛
11⅝	10⅛	ACM Gvt In x	0.96	8.6		339	11⅛	11	11⅛	
10⅜	9	ACM GvOpp x	0.79	8.5		151	9½	9¼	9¼	-⅛
9¾	8½	ACM Gvt Sp	0.79	8.3		211	9½	9⅜	9½	+⅛
11⅜	9⅞	ACM Gvt Se	0.96	8.7		417	11⅛	11	11	
10⅞	8⅝	ACM Man x	1.08	10.0		62	10¾	10⅝	10¾	
12⅞	8⅝	ACM Mangd x	0.78	8.5		190	9⅛	9⅛	9⅛	
11¾	4⅜	Acme Cleve	0.40	5.1	16	133	8	7⅞	7⅞	
9¼	3¾	Acme Elect			712	80	7⅛	7	7⅛	+⅛
33¼	12⅛	Acuson			11	226	13	12⅞	12⅞	-⅛
22⅛	18⅛	Adams Expr	0.48	2.2	1	41	21⅞	21¾	21⅞	
52⅞	29½	Ad Micro	3.00	6.0		57	51	50¼	50¼	-¾
34⅝	7½	Ad Micro P	3.00	13.3	8	9543	23⅞	22½	22½	-⅞
9⅛	4⅞	Advest Grp	0.16	2.3	14	40	7	6⅞	6⅞	-⅛
47¾	33	Aegon ADR	1.35	2.8	9	13	u48⅛	47⅞	48⅛	+½
53¾	38	Aetna Lf	2.76	5.7	967	2525	48⅞	48¼	48⅜	-⅛
14½	8⅜	Ahil A	0.24	2.0	30	334	12⅜	12⅛	12¼	-⅛
36⅞	24	Aliec	0.44	1.3	15	1088	34⅞	34½	34¾	-⅛
22⅛	13	Ahmanson	0.88	4.3	10	2055	21⅛	20⅝	20⅝	-⅜
22½	4	Aileen Inc			21	83	6¼	6	6	-¼
49½	36½	Air Pr Chm	0.88	1.9	17	1346	45¼	44⅜	44¾	+¼
29¾	12½	Airbee Frt	0.30	1.3	190	186	23	22¾	22⅞	-¼
24⅞	11¼	Airgas Inc			33	146	24⅝	24⅛	24⅛	-¼
19⅝	8⅛	Airlease	1.60	11.9	11	61	e13½	13⅛	13½	+¼

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

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NASDAQ NATIONAL MARKET

4 pm close March 19

[illegible]

AMEX COMPOSITE PRICES

4 pm close March 19

[illegible]

MONDAY INTERVIEW

Moralist may work miracles

Rafik Al-Hariri, prime minister of Lebanon, talks to **Julian Ozanne**

Rafik Al-Hariri, the 48-year-old Moslem prime minister of Lebanon, appears too good to be true. The billionaire businessman has given up his role as head of a multi-national corporation with interests in three continents for a thankless job with one of the shortest life expectancies. in the world.

Over the next five years he has set himself the task of rebuilding his war-ravaged country as the financial and trading capital of the Middle East.

His rags-to-riches rise has taken him from a lowly farming background to membership of the Forbes 100 list of wealthy individuals, with a personal fortune estimated at between \$4bn-\$6bn. Of that, he gives nearly \$90m a year to charity, mostly in the form of scholarships to poor Arabs.

Since his appointment as prime minister five months ago, thousands of Lebanese from across the country's political and religious divide have rallied to the man with the Midas touch. For many Christians and Moslems, the portly prime minister, known as "The Sheikh" or "The Uncle", has become a symbol of renewed optimism – a personification of the country's belief in its own renaissance. Across Beirut shopkeepers display his photograph in their windows and Lebanese newspapers have dubbed him "Mr Miracle".

"I was suspicious about him at first," says Ms Rima Tarabay, an assistant to the president who used to fight with the Christian Lebanese Forces against Moslem militiamen during the civil war. "But he is what he says he is. He is the only man who can do the job."

Mr Hariri himself believes he is the only man who can preside over the restoration of Lebanon – a country almost synonymous with civil war, terrorism and disintegration. In remarks to donors, diplomats and journalists, he often says: "I want to go down in history as the man who rebuilt Beirut."

In an interview with the Financial Times he said: "I think I can serve my country and make a difference. I have done a lot of unusual things. I had power without being in this position and I don't need the position to have power."

Mr Hariri has set a brisk pace on the road to reconstruction. He, and his team of "technocrats", are starting to get to grips with an economy decimated by corruption, poverty and mismanagement. The prime minister has speeded up a \$5bn public and private investment programme to repair the country's infrastructure and rebuild the capital.

As a sign of confidence in the new government, Lebanese businessmen repatriated at least \$700m of the estimated \$30bn-\$40bn held abroad in the first three months of Mr Hariri's government, allowing the country to erase last year's balance of payments deficit. The Lebanese pound has been stabilised and efforts are under way to slash a 1992 budget deficit of LB1,200bn (\$6.9bn). Next month, the government will meet representatives of western donor countries in Paris to seek up to \$2.25bn for a three-year programme to repair and upgrade electricity, telephone, water and other main services.

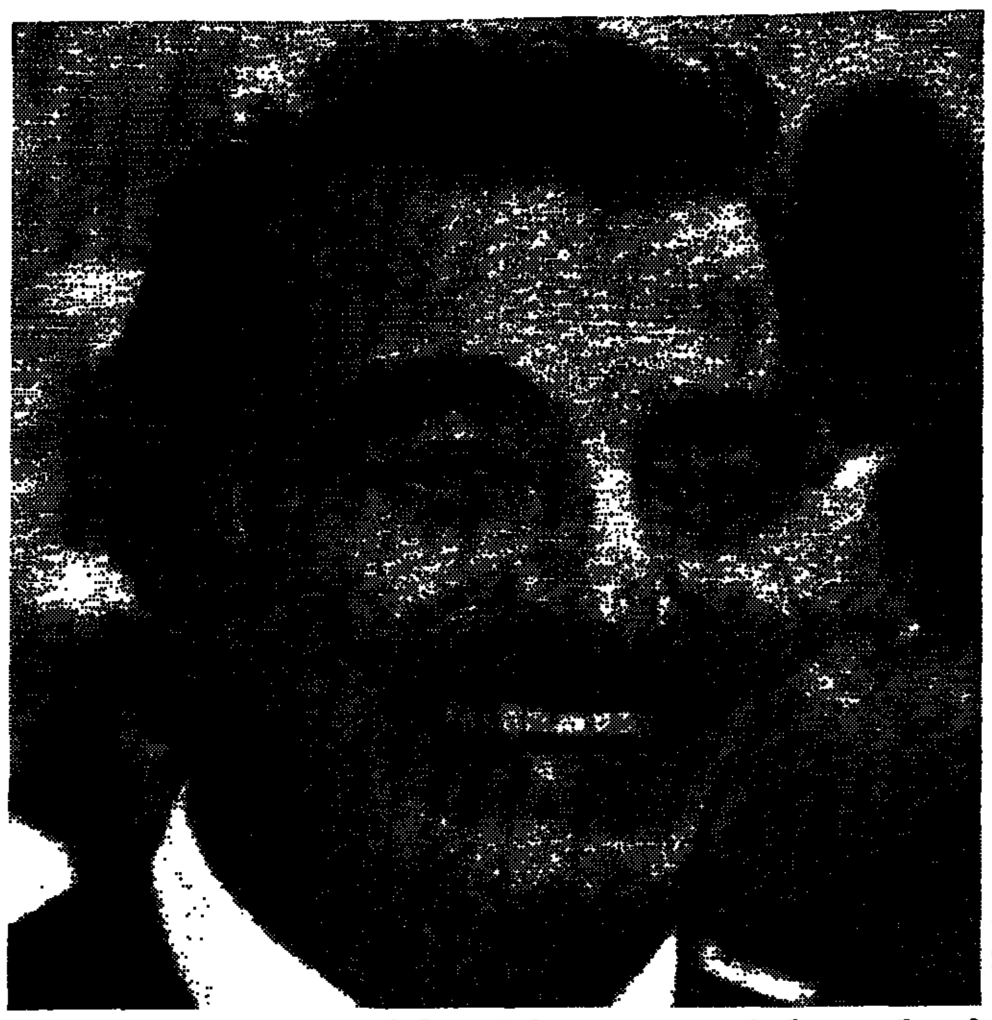
Mr Hariri has also begun to restore the tarnished image of Lebanon abroad. The armed militias who once ran makeshift roadblocks across the city and terrorised the capital have been disarmed. In what has become a mark of his government, Mr Hariri talks constantly about re-establishing the rule of law and a moral code of conduct.

"We have a choice: either live according to force or according to the rule of law. Now in Lebanon we are trying to restore the rule of both domestic and international law. That is the only way civilised people can live, otherwise the world will be a jungle."

Mr Hariri peppers his speech with words like "ethics", "morals" and "principle" as he paces around his study, occasionally feeling the Islamic prayer beads stuffed into the waistcoat pocket of his suit.

His words appear to be bearing fruit. Mr Hariri's campaign to rehabilitate his country took a leap forward last month when Mr Warren Christopher, the US Secretary of State, became the first senior US official to visit Beirut in nearly a decade.

The restoration of confidence has been boosted by the way Mr Hariri and his team talk about rebuilding Lebanon as if they are about to put up a small office block in Texas. "If things go well, by 1996 we will have an airport which will handle 6m-7m passengers a year, 1.5m telephones lines, 3,000MW of electricity and we should have solved the problem of the displaced people and have a train system across the country," he said. "This is not a dream. It is real."



'I cannot imagine life without principle or law'

This grandiose vision is more believable from a man who started his working life as a teacher and part-time accountant in Saudi Arabia and who now owns one of the biggest construction companies in the Arab world, as well as banks, hotels, and properties across Europe and the US. Most of his fortune was made building hotels, cities and palaces in Saudi Arabia. He owns homes in London, New York, Paris, Monaco and Riyadh.

PERSONAL FILE

- 1944 Born Sidon, Lebanon.
- 1965 Went to Saudi Arabia.
- 1978 Established Saudi Oger.
- 1982 Established Hariri Foundation. Paid for clean-up of Beirut after Israeli invasion.
- 1989 Funded peace conference in Taif, Saudi Arabia, which produced formula for ending Lebanon's civil war.
- 1992 Prime minister of Lebanon.

But while his corporate approach to solving seemingly intractable problems has its advantages, it can also be a weakness. As the honeymoon of his premiership draws to a close, Mr Hariri is beginning to realise that running a country is not as easy as running a conglomerate.

His style remains very much that of a tycoon – short nights, long days starting with "power breakfasts" with a handful of his closest aides, telephone calls on portable cellular phones, an impatience with problems and a tendency to expect his instructions will be carried out promptly.

Sometimes he dips into his private funds to speed up the work programme. His company paid for the master-plan for the \$2.5bn-\$3bn private sector redevelopment of downtown Beirut which aspires to remake the city into the "Paris of the Middle East".

His "get things done" executive style of government, has, however, already landed him in trouble with Lebanon's political class, anxious to protect its vested interests. Six weeks ago he clashed with President Elias Hrawi, a Maronite-Christian, over civil service appointments. Mr Hariri had failed to consult sufficiently with the president. The clash, now resolved, led to a temporary attack on the Lebanese pound by speculators and symbolised the lingering suspicion of the Maronite-Christian community about the increasing power of the prime minister's office.

In an admission of the difficulties in navigating the unfamiliar world of politics, Mr Hariri said: "Running your own business, you are the master of yourself. Here, you have to consult much more."

Any solution to the political and economic problems of Lebanon will involve hammering out a peace agreement with Israel, under which Israel will withdraw its troops from its self-declared security zone in south Lebanon. Without an Israeli withdrawal, Mr Hariri will find it hard to counteract the the Islamic fundamentalist group Hizbollah, which continues to resist the Israeli occupation, and to press for the withdrawal of the 40,000 Syrian troops throughout the country to the Beka'a Valley. Without these two signs of progress, he will be unable to win over the Christian community. Political stability and economic development will remain elusive.

"Don't underestimate the Israeli occupation in the south of Lebanon. This is our major obstacle," Mr Hariri said. "It is as if we had a poison bullet in our body. If there is occupation, there is resistance, and reaction to resistance."

Mr Christopher's visit undoubtedly boosted Mr Hariri's drive for a solution to this problem and for Lebanon's bid to be accepted in the family of civilised nations.

Many observers agree that Mr Hariri has given his country its best opportunity for peace and economic resuscitation since the civil war began in 1975. Whether that opportunity is grasped depends largely on the domestic and international response to his call for the return of the rule of international law to the region.

"I cannot imagine life without principle or law," he said. "Nothing can go on without a basis of religion, law, principle and morals. I cannot imagine life and work without that."

An unreliable third parent

MICHAEL PROWSE
on
AMERICA

I have been reading one of those gloomy essays on the corrosive effects of television. In the winter issue* of the journal Daedalus, Professor John Condry of Cornell University argues that dross on the box is stunting the development of American children. Television, he claims, is contributing to increased youth violence (including rising rates of suicide), to physical and mental disorders, and to a secular decline in educational performance.

Children once learned about society, and their place in it, from school and by directly observing adults in their local communities. Today, says Mr Condry, television is swamping these influences. On average American children spend an incredible 40 hours a week watching the box or playing video games – more than a third of their total waking hours. School, including time spent travelling and doing homework, absorbs another 40 hours. All other interactions with family and peers – which are potentially far more productive than TV – have to be crammed into just 32 waking hours, a fraction of the time enjoyed by past generations.

As well as robbing children of precious time, TV distorts their sense of reality. Because it is designed primarily to sell things, it has to put a premium on gaining and keeping people's attention. The easiest way to do this is by projecting violence. According to Mr Condry the average hour of children's programming contains 25 acts of violence – far more than adult TV.

Television distorts in other, more insidious ways. It depicts wealth as the key to happiness but rarely shows people working hard, because this would be dull viewing. TV thus leads children to seek "quick fixes", to want things but not to see they must work for them. It also presents a dangerously simplistic moral code, typically dividing the world into heroes, who can do no wrong, and villains, who can do no right.

Mr Condry's indictment has to be taken seriously. If children spend more than a third of their waking hours watching TV, their characters must be moulded by it. Yet his criticisms do not apply to all commercially successful programming. The producers of the popular series Star Trek, to take one example, appear quite responsible.

Back in the late 1960s, the starship Enterprise was run almost exclusively by white males (there was a token black female communications officer and an Asian helmsman) and toured the universe seemingly looking for trouble. In nearly every episode, Captain James Kirk proved his manhood by fighting with some unpleasant alien species (surrogates for the evil Soviet empire) and falling in love with a beautiful blonde guest star.

Star Trek: the Next Generation (the 1980s' relaunch of the series) shows distinct signs of progress. The cerebral Captain Jean-Luc Picard has superseded tough-guy Kirk. A blind black has a responsible post on the bridge. Women play a more active role and are no longer treated as mere sex objects; the ship's doctor and security officer, for example, are both female. As in the first series, the Enterprise is subject to the "prime directive" – essentially a code of non-interference.

This year a third series – Star Trek: Deep Space Nine – has hit the nation's screens. Perhaps reflecting the more reactive stance of US foreign policy in the 1990s, it is set on a stationary space station rather than a roving starship. Waiting, rather than looking, for trouble is the station commander, Ben Sisko (impressively played by Mr Avery Brooks), a black single parent. His deputy is a feisty female. The station is packed with aliens of all shapes and sizes, many of whom dislike and misunderstand each other – a metaphor for the friction endemic to America's multi-racial society.

Pushing back social frontiers, one leading character, the demure Lieutenant Jadzia Dax, is a fusion of two lifeforms. She has the body of a 28-year-old woman but the memories and (partly) mind of a combative old man and former mentor to Commander Sisko. This could provide scope for a sensitive exploration of gender and sexual identity.

Deep Space Nine is not exactly great art. As in previous incarnations of Star Trek, each episode includes plenty of sanitised violence. But by reserving the best roles for minorities and women, and by spending as much time on social problems as on warfare, it at least sends some useful signals to children. Commander Sisko could become quite an important role model for young black boys.

But even though some commercial TV may do more good than harm, Mr Condry is right to argue that the US has paid far too little attention to the social impact of this "greedy institution". It seems pointless endlessly to debate ways of improving school education when so few restraints are placed on children's TV curriculum.

Ways could surely be found to reduce the number of childhood hours lost to the box, to increase the proportion of educational programmes, and to limit the portrayal of violence. (One act of violence every two minutes seems excessive even for the US.) After all, few parents would thinkingly consign their offspring, for 40 hours a week, to an institution as empty-headed and violent as commercial television.

* *"Thief of Time, Unfaithful Servant: Television and the American Child". Daedalus, Winter 1993.*

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 21.03.93: Pool purchase price £/MWh	Final Prices for Trading on 21.03.93: Pool purchase price £/MWh	Final Prices for Trading on 21.03.93: Pool selling price £/MWh
0030	25.05	22.00	22.00
0100	25.05	51.33	54.22
0130	25.00	25.50	27.26
0200	25.00	35.50	27.22
0230	22.19	23.50	25.11
0300	21.82	22.68	24.28
0330	18.58	22.66	24.27
0400	18.56	20.66	22.40
0430	17.53	18.28	19.73
0500	17.51	17.57	17.57
0530	17.53	21.19	22.76
0600	17.53	21.19	22.77
0630	17.53	17.60	17.60
0700	18.51	17.60	17.60
0730	18.51	17.60	17.60
0800	18.51	17.60	17.60
0830	24.13	17.56	17.56
0900	25.09	22.00	22.00
0930	25.09	28.25	30.17
1000	24.13	27.17	29.04
1030	24.13	20.76	22.34
1100	24.13	20.96	22.55
1130	24.13	23.01	24.69
1200	23.56	24.45	26.17
1230	27.64	24.45	26.17
1300	27.64	24.45	26.17
1330	25.00	24.45	26.19
1400	25.00	20.96	22.56
1430	25.00	18.09	18.09
1500	25.00	25.00	25.00
1530	25.00	25.00	25.00
1600	25.00	25.00	25.00
1630	25.00	25.00	25.00
1700	17.52	18.09	18.09
1730	17.52	20.79	22.35
1800	17.53	22.48	24.06
1830	17.82	23.55	25.18
1900	25.00	23.56	25.15
1930	25.09	23.76	25.35
2000	25.09	23.76	25.38
2030	24.20	22.48	24.05
2100	24.20	21.98	23.54
2130	24.20	21.96	23.54
2200	22.39	21.96	23.55
2230	18.51	21.68	23.56
2300	17.55	17.59	17.59
2330	17.52	17.53	17.53
2400	17.52	17.52	17.52

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456780 between 8:30am and 5:15pm Monday to Friday.

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1/2 hour period ending	Provisional Price for Trading on 22.03.93: Pool purchase price £/MWh	Final Prices for Trading on 22.03.93: Pool purchase price £/MWh	Final Prices for Trading on 22.03.93: Pool selling price £/MWh
0030	25.00	22.00	22.00
0100	25.00	28.25	29.57
0130	22.39	25.77	26.96
0200	22.39	25.77	26.93
0230	21.10	22.47	23.48
0300	21.10	22.47	23.48
0330	21.10	18.23	18.23
0400	17.55	18.08	18.08
0430	17.54	17.60	17.60
0500	17.54	17.57	17.57
0530	34.50	17.84	17.84
0600	34.50	18.06	18.06
0630	34.50	18.23	18.23
0700	42.50	20.95	21.94
0730	21.35	20.98	21.98
0800	22.92	20.98	21.97
0830	22.92	22.02	23.04
0900	23.74	27.00	28.22
0930	23.77	27.62	28.84
1000	24.83	27.62	28.86
1030	24.83	27.62	28.81
1100	24.83	27.62	28.78
1130	24.83	25.76	26.90
1200	24.83	25.78	26.90
1230	24.83	25.78	26.90
1300	24.83	25.78	26.90
1330	24.83	24.74	25.84
1400	23.77	22.73	23.75
1430	23.72	24.74	25.84
1500	19.10	22.73	23.75
1530	19.10	19.34	19.34
1600	23.72	19.33	19.33
1630	28.27	22.73	23.76
1700	28.27	24.74	25.84
1730	28.27	22.74	23.76
1800	28.27	27.18	28.35
1830	19.67	27.20	28.30
1900	30.47	27.19	28.25
1930	30.47	27.14	28.21
2000	30.47	27.11	28.20
2030	27.46	24.74	25.78
2100	22.58	22.52	23.60
2130	22.40	22.52	23.51
2200	21.36	20.98	21.93
2230	18.13	20.96	21.94
2300	18.01	18.35	18.35
2330	17.55	18.08	18.08
2400	17.55	17.84	17.84

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456780 between 8:30am and 5:15pm Monday to Friday.

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West cannot help Yeltsin

IAN DAVIDSON
on
EUROPE

No one can predict the end of the escalating political crisis in Russia. At one extreme of the political spectrum, there is a danger of civil war; at the other, a danger of prolonged stalemate between President Boris Yeltsin and the Congress, leading to the paralysis and conceivably the collapse of the central Russian state. The one thing which is certain is that the western bandwagon being drummed up for an emergency international meeting to help Mr Yeltsin, is misconceived, and likely to make matters worse.

Lead drummer in the bandwagon is President François Mitterrand. During a lightning visit to Moscow last week, he called for an urgent summit of the Group of Seven industrialised countries, to increase their help for Russia. Boris Yeltsin was enthusiastic, but not the Japanese. They currently hold the chairmanship of the G7, and they were irritated that President Mitterrand should hijack the regular summit which they will be hosting in Japan this summer.

In any case, they are annoyed with Yeltsin for refusing even to talk about returning the four northern islands seized from Japan by the Soviet Union at the end of the second world war.

But the Japanese could not stop the bandwagon. The Germans were ready for an early meeting; US President Bill Clinton was ready to think about it; all western countries were worried that Mr Yeltsin and his economic reform programme could be brought crashing down by the obstructionism of Mr Ruslan Khasbulatov and the Russian congress over which he presides.

Unfortunately, this "Help Yeltsin" campaign is driven by mixed motives. After the present French parliamentary elections, Mr Mitterrand will likely face a hostile conservative government with a huge majority. He needed to underline in advance, by his visits to Moscow (and Washington), his claim to control French foreign policy. But in this domestic French debate, Yeltsin's predicament is purely accessory.

In any case, Mr Mitterrand's recent record makes the campaign suspect on other grounds. He dragged his feet over the unification of Germany; he used what influence he had to keep Yugoslavia together; and he did his best to keep the Soviet Union alive as well. Since the fall of the Berlin Wall, Mr Mitterrand's judgments have been surprisingly fallible.

The problem is that the proposal for an urgent G7 summit has been framed as a response to the growing constitutional crisis in Russia. It implies that there is some sudden action which the west could take, which would either save Mr Yeltsin, or save his liberal economic reform programme, or preferably both. There is no basis for such an assumption.

There is obviously a strong case for the west to help Russia, if it can be done; gradually, over a period of years, financial aid, technical assistance, political advice and foreign investment could be helpful. But it is doubtful whether the west can do anything directly to change the political course of events in Russia; it is most unlikely that the west can intervene effectively in the present crisis; almost certainly it should not try.

In any case, western perceptions of the power struggle in Moscow seem distorted by Manichaean oversimplifications: in the white corner is Battling Boris, the liberal democrat; in the black corner is Retrograd Ruslan, the power-mad conservative. These stereotypes do not admit the possibility that Russia may be different. We may believe in the superiority of pluralistic democracy and market forces; but is it sensible to imagine that the Russians can knock up from scratch a politico-economic system which took us hundreds of years? If it comes to that, why should we assume that they would want, or could use, an implant of one of the many different western versions?

Hear Boris Kagarlitsky on the subject*: "In repeating the slogans of western neo-conservatism, the Russian ideologists consciously closed their eyes to the fact that its key economic concepts were elaborated, and the prescriptions applied, in conditions utterly different from those now confronting Russia... The proclaimed goal of becoming a developed capitalist state in the mould of Britain or France is simply objectively unattainable. It is naive in the extreme to think that the gulf in levels of development and wealth can be bridged with the help of a few salutary *laisser faire* prescriptions...

"What sort of privatisation can we talk about in the absence of a functioning economy, in a country where laws do not operate; where there is no developed system of commercial law; and, most important, where there is no civilised and responsible bourgeoisie?... The bourgeoisie needs several generations in the most favourable conditions to come into existence, and several more generations to become civilised..."

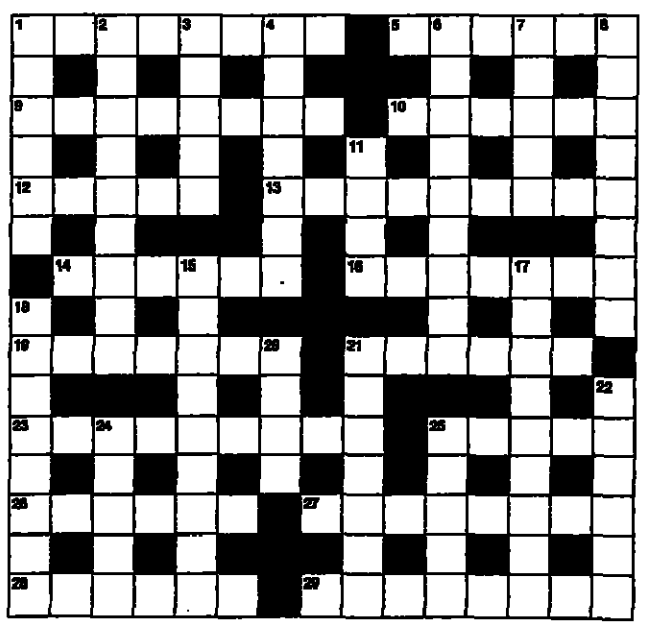
The utility of a G7 crisis meeting is unclear. Declarations of western support did not help Gorbachev; why should they help Yeltsin? They might easily make matters worse, by ratcheting up the conflict between Yeltsin and the congress. The west may prefer a victory for Yeltsin and liberalism; but a victory for congress would only be the second-worst outcome. Much the worst result would be a prolonged and inconclusive struggle, since that could prompt the disintegration of power from the centre to the regions and the republics.

The west can do little to help Yeltsin win; but it can certainly increase the danger of prolonged conflict and disintegration.

* *Disintegration of the Monolith, by Boris Kagarlitsky, Verso, 169 pages, £10.95*

CROSSWORD

No.8,107 Set by ALAUN



ACROSS

1 To an extent, how teams are assembled (8)
5 Is it a fifty-fifty chance the matador will get it? (4,2)
9 Awkward in an ugly sort of way (8)
10 Stay here when he goes to sea (6)
12 Make a loss in the Mediterranean holiday resort (5)
13 Water supply exhausted? It wasn't wasted (4,5)
14 Didn't like ham? (6)
16 Make the pot bigger and put honey in it (7)
19 The leather strap is in that (7)
21 Not fully loaded! (6)
23 Having a driver, he'll overshoot the green, foolishly (9)
25 Show it's an oral examination (5)
26 When renovated, the interior is quite modern (6)
27 There's some movement in the market – it can swing wildly (8)
28 Turning it round is hard work (6)
29 Think it's drink when the son staggers in (8)

DOWN

1 Well, that's where it all began (6)
2 Make into a drawer (9)
3 It's pale with a little point on the end (5)
4 Unsettled on the whole, one admitted (7)
6 Anyhow, proves at last to be uneconomical (9)
7 Support, having a financial interest in (5)
8 Sorry, but it's shut up round about 1.10 (8)
11 A positive advantage (4)
15 Come to your senses before the tide goes out (3,6)
17 Shown the trousers on a stand outside (9)
18 Be quick to hide the thing with your foot (4,2,2)
20 Tips off sir when it's near? (4)
21 Storm damaged now and holed (7)
22 I for one won't stop you (6)
24 Drain from the small jug (5)
25 They won't take the passengers straight off (5)

Solution and winners of Saturday's prize puzzle will be published on Saturday April 3.